

Financial Report

Livingston Council on Aging Denham Springs, Louisiana

June 30, 2008

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 1/14/09

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**Livingston Council on Aging
Denham Springs, Louisiana**

June 30, 2008

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MANAGEMENT'S DISCUSSION AND ANALYSIS

Livingston Council on Aging An Area Agency on Aging June 30, 2008

The following discussion and analysis of the Livingston Council on Aging's (the Council) financial performance presents a narrative overview and analysis of the Council's financial activities for the year ended June 30, 2008. This document focuses on the current year's activities, resulting changes, and currently known facts. Please read this document in conjunction with the basic financial statements, which follow.

FINANCIAL HIGHLIGHTS

The Council's assets exceeded its liabilities at the close of fiscal year 2008 by \$794,967.

The Council's net assets decreased by \$97,521 this year, which is a 10.9% decrease from the last fiscal year.

The Council's revenues, on a modified accrual basis, increased by \$76,540, or 5.8%.

The Council's expenditures, on a modified accrual basis, increased by \$368,933, or 31.82%.

The Council did not have any deficit fund balances.

The unreserved, undesignated fund balance of the General Fund decreased by \$212,730 or 30.04%.

Capital assets increased by \$27,350, or 103.6%.

The Council's major liabilities consisted of current liabilities due to vendors of \$46,696.

The Council did not have any long - term liabilities.

Administrative expenses increased this year by \$62,311, which is a 22.67% increase from last year.

OVERVIEW OF THE FINANCIAL STATEMENTS AND HOW TO USE THESE FINANCIAL STATEMENTS

The Council's annual financial report consists of five parts:

- (1) Management's discussion and analysis (this section)
- (2) The basic financial statements (government-wide and fund)
- (3) Supplementary information required by GASB 34
- (4) Supplementary information required by GOEA, and
- (5) Auditor reports.

Government-wide financial statements are comprised of the Statement of Net Assets and the Statement of Activities. These financial statements provide information about the activities of the Council as a whole and present a long-term view of the Council's finances. In contrast, the fund financial statements, for governmental activities, tell how services were financed in the short-term as well as what remains for future spending. Fund financial statements also report the Council's operations in more detail than the government-wide financial statements by providing information about the Council's most significant funds.

The auditor has provided assurance in his independent auditor's report, located immediately after this Management's Discussion and Analysis, that the Basic Financial Statements are fairly stated. The auditor has also provided assurance about the Supplementary Financial Information required by GOEA that follows later in this reporting package. A user of this document should read the independent auditor's report carefully to ascertain the level of assurance being provided for each part of the financial section of the report.

The basic financial statements include two kinds of statements that present different views of the council:

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Council's finances, in a manner similar to a private sector business. When using these financial statements the user should consider whether the Council's finances, as a whole, have improved or deteriorated since last year. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting method used by most private-sector companies. All current year revenues and expenses are taken into account regardless of when cash is received or paid.

The government-wide financial statements found on pages 17 and 18 report the Council's net assets and changes in them. The Council has restricted net assets of \$10,138, which must be used for specific purposes, whereas \$731,088 of its net assets are unrestricted, meaning that they can be

used for any program at management's discretion. The Statement of Net Assets presents information on all of the Council's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Council is improving or deteriorating. However, to assess the overall financial position of the Council, the user must also consider non-financial factors, such as, the condition of the Council's capital assets and facilities, the addition or termination of grants and other revenue sources, and the expansion or contraction of programs and services.

The Statement of Activities presents information showing how the Council's net assets changed during this fiscal year as a result of the Council's activities. In this statement all changes in net assets are reported as soon as the underlying event, giving rise to the change, occurs regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will affect cash flows in future fiscal periods. The governmental activity of the Council is health, welfare, and social services, which is comprised of five primary programs that include supportive services, nutritional services, disease prevention and health promotion, family caregiver support, and transportation services for the non-elderly. Subprogram activities are also presented to help financial statement users analyze the Council's operations in more detail. All activities of the Council are considered to be governmental activities. A governmental activity is usually one where the Council uses money it receives from governmental grants and contracts, along with donations from the general public, to provide services at no charge to the general public, or a segment of the general public, such as the elderly. In other words, the people benefiting from the services are not required to pay for what they receive. If the Council charged fees to cover all or most of the cost of providing a service, that activity would be classified as a business-type activity. The Council does not have any business-type activities. However, there are a couple of programs where the Council does charge fees for its services, but does not view these programs as business-type activities because the Council's intent is not to make a profit when providing the services. For example, the Council charges fees to transport non-elderly people and, on the surface, the fees appear to have been sufficient to cover the costs of providing this service when reviewing the Statement of Activities. However, non-elderly transportation is just one component of the Council's overall parish-wide transportation program. When all transportation service components are combined, the Council did not make a profit or come close to recovering all of its costs in providing transportation services. Accordingly, the non-elderly transportation program is not viewed as a business-type activity.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. All of the funds of the Council are governmental funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Accordingly, the governmental funds use the modified accrual basis of accounting. Because the focus of governmental funds is narrower than that of the government-wide financial statements, comparing the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements can be useful. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate the comparison between governmental funds and governmental activities.

The Council has presented the General Fund, Title III B Fund, Title III C-1 Fund, Title III C-2 Fund, Title III E, and Section 5311 Fund as "major" governmental funds. All "non-major" governmental funds are presented in one column on the fund financial statements, titled Non-Major Funds. A combining Schedule of Revenues, Expenditures, and Changes in Fund Balance of the non-major governmental funds can be found on page 76. The General Fund is used to account for all financial resources except those that are required to be accounted for in another fund. The Special Revenue Funds account for the proceeds of specific revenue sources which are legally restricted to expenditure for specified purposes. By using separate funds to track revenues and expenditures, management can control funds for particular purposes or show that the fund is meeting legal responsibilities for using certain grants and other revenues.

Notes to the Financial Statements

The notes provide additional information that should be read to ensure a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found beginning on page 23 and should be read before making assumptions or drawing conclusions about the Council's financial condition.

Supplementary Financial Information Required By GASB Statement 34

The Governmental Accounting Standards Board (GASB) Statement 34 requires budgetary comparison schedules for the General Fund and each major Special Revenue Fund that has a legally adopted annual budget. The schedules compare the original and final budgets to actual budget results for the Council's fiscal year. Positive and negative variances between the final budget and actual amounts are also presented.

Major funds are those funds whose revenues, expenditures, assets, or liabilities are at least 10% of corresponding totals for all governmental funds. In addition, a major fund could be a fund that

does not meet these criteria but is believed to be important for the Council's financial statement users. Management did not subjectively consider any funds other than those meeting the 10% criteria to be major funds this year.

Management's Discussion and Analysis (M D & A) is also required supplementary information (RSI) by GASB Statement 34. However, GASB 34 requires it to be presented as the first item in this reporting package and not with GASB's other RSI, which is included later in this reporting package. An important point to consider when reading the M D & A is whether the Council's finances, as a whole, are better or worse as a result of this year's activities.

Other Supplementary Financial Information Required By GOEA

The Governor's Office of Elderly Affairs (GOEA) has required the Council to present as schedules the information on pages 76 and 77. This information will be used by GOEA to verify the accuracy of information submitted by the Council during the year to help GOEA monitor certain compliance requirements set forth in the grants that it has with the Council.

ANALYSIS OF THE COUNCIL AS A WHOLE USING GOVERNMENT-WIDE FINANCIAL STATEMENTS

As noted earlier, net assets may serve over time as a useful indicator of the Council's financial position. As of June 30, 2008, assets exceeded liabilities by \$794,967, whereas at the end of last year assets exceeded liabilities by \$892,488.

Condensed Statement of Net Assets

	<u>2008</u>	<u>2007</u>	<u>Increase (Decrease)</u>
Current and Other Assets			
Current Assets	\$ 694,033	\$ 799,854	\$ (105,821)
Other Assets	101,543	98,160	3,383
Capital Assets, net of depreciation	53,741	26,391	27,350
Total Assets	<u>849,317</u>	<u>924,405</u>	<u>(75,088)</u>
Current Liabilities	<u>54,350</u>	<u>31,917</u>	<u>22,433</u>
Total Liabilities	<u>54,350</u>	<u>31,917</u>	<u>22,433</u>
Net Assets:			
Invested in Capital Assets	53,741	26,391	27,350
Restricted	10,138	32,625	(22,487)
Unrestricted	731,088	833,472	(102,384)
Total Net Assets	<u><u>\$794,967</u></u>	<u><u>\$892,488</u></u>	<u><u>(\$97,521)</u></u>

About 91.96% of the Council's net assets are unrestricted as of June 30, 2008, whereas unrestricted net assets as of June 30, 2007 were 93.3% of net assets. Unrestricted assets are important because they provide management the necessary resources to adapt to changes in the economy, emergencies, unexpected needs, and reduction in or termination of grant revenues by governmental agencies.

Restricted net assets are about 1.28% and 3.7% of total net assets as of June 30, 2008 and 2007, respectively. Net assets are reported as restricted when the constraints placed upon the assets' use are either (a) externally imposed by a grantor, contributor, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Net assets invested in capital assets are presented net of any related outstanding debt to acquire them. There is, however, no debt to be subtracted from the capital assets. The Council's policy is to acquire capital assets by paying cash and avoiding debt. This policy helps insure that a decrease in the Council's future revenues will not impact its ability to provide a certain level of service to clients and program participants. Net assets invested in capital assets equal about 6.76% of the 2008 and 3.0% of the 2007 total net assets. These funds are not available for future spending.

Current assets decreased by \$105,821 in 2008. At June 30, 2008 about 77% of the Council's current assets are in the form of cash and short-term investments. The Council's cash and short-term investments at June 30, 2008 were \$184,870 less than at June 30, 2007. Accordingly, the large decrease in current assets in 2008 was primarily related to the decrease in cash and short-term investments.

Governmental activities decreased the Council's net assets by \$97,521 in 2008 but increased net assets by \$172,132 in 2007. The 2008 decrease in net assets was primarily due to the Council increasing direct program expenses for most programs. The net increase in net assets in 2007 was primarily due to the Council receiving more revenues from property taxes and unrestricted grants and public support.

The table presented below illustrates a summarized or condensed presentation of the revenues and expenses that caused the decrease/increase in net assets for FY 2008 and FY 2007, respectively.

	<u>2008</u>	<u>% of Total</u>	<u>2007</u>	<u>% of Total</u>
<u>Revenues</u>				
Program Revenues:				
Charges for Services	\$ 88,140	6.73%	\$ 84,778	6.82%
Operating Grants & Contributions	660,395	50.42%	610,758	49.15%
Capital Grants & Contributions	0	0.00%	0	0.00%
General Revenues:				
Property Taxes, net	445,936	34.05%	396,832	31.93%
Unrestricted Grants & Contributions	92,837	7.09%	119,617	9.63%
Other General Revenues	22,525	1.72%	30,700	2.47%
Total Revenues	1,309,833	100.00%	1,242,685	100.00%
<u>Direct Program Expenses for the Health, Welfare and Social Services Function:</u>				
Supportive Services:				
Transportation for the Elderly	377,980	26.86%	281,996	26.34%
Other Supportive Services	179,527	12.76%	120,196	11.23%
Nutrition Services:				
Congregate Meals	178,051	12.65%	142,925	13.35%
Home-delivered Meals	234,888	16.69%	165,673	15.48%
Transportation for the Non-elderly	21,386	1.52%	33,464	3.13%
Other Social Service Programs	78,445	5.57%	51,533	4.81%
Direct Administrative Expenses	337,077	23.95%	274,766	25.67%
Total Expenses	1,407,354	100.00%	1,070,553	100.00%
Increase (Decrease) in Net Assets	(97,521)		172,132	
Net Assets, Beginning of the Year	892,488		720,356	
Net Assets, End of the Year	\$ 794,967		\$ 892,488	

AN ANALYSIS OF GOVERNMENTAL ACTIVITIES

In both 2008 and 2007, program revenues are comprised mainly of government grants and restricted public support. These revenues must be used for the purposes for which they were given or granted to the Council. There were no new government grants in 2008 versus those the Council received in 2007.

The second largest source of revenues in fiscal years 2008 and 2007 were from a local property tax. FY2005 was the Council's first year to receive the property tax. The gross proceeds of the property tax were \$532,499 for 2008 (\$474,003 for 2007), but the Livingston Parish Sheriff withheld \$86,563 (\$77,171 for FY2007) of the gross proceeds to pay for the Council's pro-rata share of retirement plan expenses and commissions for the Sheriff's collection efforts. As a result, the Council received net property tax proceeds of \$445,936 (\$396,832 for FY2007). In the Statement of Activities the net proceeds of the property taxes has been presented as a general revenue because this money can be used to benefit any of the Council's programs. Further, management has elected to offset the gross property tax amount with the amount kept by the Sheriff rather than add it to the

Council's administrative expenses because it is not a true administrative expense of the Council.

The Council also received program revenues in the form of charges for services. Charges for services are derived from the Council's FindWork/STEP program and cash fares to transport non-elderly persons. The Council had a slight increase in its FindWork/STEP service fees in 2008 versus 2007, which accounts for the increase in this type of revenue in 2008.

The expenses in the table above have been presented by primary programs, with some details about significant subprograms. In presenting this information, only direct program expenses are shown. The administrative expenses include all administrative expenses of the Council before any allocations were made to the various programs. Percentages have been presented for the expenses associated with each program for ease of analysis and to illustrate where the Council has spent its money this year. The expense allocations are a good indication of the demand for each type of service.

When reviewing the government-wide Statement of Activities, there are relationships that are important to the understanding of the Council's operations. As you can see, the Council's largest activities in both years are transportation and nutrition services. The Council's main focus is to meet the needs of the elderly citizens of Livingston Parish and right now these two services are in the greatest demand. However, there is a growing demand for in-home type services and services geared to help individuals stay in their homes and remain in the community. These in-home services include chore, homemaker and family caregiver type services.

Another area of interest on the Statement of Activities relates to the total column wherein the Council illustrates that most of the governmental activities have more expenses than revenues. In other words, they are not self-supporting. The providing of these governmental activities relies heavily on general revenues, particularly the local property tax. This financial relationship is expected and budgets are prepared accordingly. Traditionally, general revenues are used to cover the excess of expenses over revenues in these activities. Without the property tax revenue and the unrestricted grants and contributions, the Council would have a difficult time providing services at current levels. Further, the general nature of these revenues allows management discretion as to how to apply them in paying for the Council's current services as well as reallocating them to meet future demands.

One indication of how money is used efficiently is to compare administrative expenses to total expenses. For FY 2008, administrative expenses were about 24% of total expenses, whereas the corresponding administrative expenses for 2007 were about 26% of total expenses.

FINANCIAL ANALYSIS OF GOVERNMENT FUNDS

Fund Balances

The Council showed a combined governmental fund balance of \$716,643 at the end of this year, which is a decrease of \$131,810 versus the prior year. The General Fund decreased by \$130,774 and the combined fund balances of the Special Revenue Funds decreased by \$1,036 this year.

Revenues

The combined fund revenues increased \$76,540 this year versus last year, as shown in the table below.

	<u>FY 2008</u>	<u>FY 2007</u>	<u>Amount</u>	<u>Percent</u>
Property Taxes	\$ 532,499	\$ 474,003	\$ 58,496	12.34%
Intergovernmental	676,852	667,166	9,686	1.45%
Public Support	76,383	63,211	13,172	20.84%
Interest Income	21,870	30,108	(8,238)	-27.36%
Program Service Fees	88,140	84,778	3,362	3.97%
Miscellaneous	655	593	62	10.46%
	<u> </u>	<u> </u>	<u> </u>	
Total Revenues	<u>\$ 1,396,399</u>	<u>\$ 1,319,859</u>	<u>\$ 76,540</u>	5.80%

The increase in property tax revenue is because property values have increased in Livingston Parish producing more property taxes. The intergovernmental revenue in 2008 is more than FY 2007 because the Council received \$22,690 more revenue from its Section 5311 grant, offset by a decrease in GOEA grants of \$13,004. Public support increased \$13,172 primarily because (1) in 2008 the Council opened a new meal site in Walker, Louisiana and the client contributions from this meal site brought in \$3,896 in new revenue, (2) public support for utility assistance increased \$5,596, and (3) public support for client birthday parties increased by \$4,000. Interest income decreased significantly in 2008 because the Council had less available cash to invest than it did in 2007. The increase in program service fees in FY 2008 is mostly attributable to the Council receiving \$2,726 more fees in the Find Work/STEP program in 2008 than it did in 2007.

Expenditures

Total expenditures increased by \$368,933 this year, as shown in the table below.

	2008	2007	Increase/ (Decrease)	
			Amount	Percent
Personnel	\$ 526,035	\$ 407,300	\$ 118,735	29.15%
Fringe	160,226	116,729	43,497	37.26%
Travel	2,730	825	1,905	230.91%
Operating Services	119,036	105,141	13,895	13.22%
Operating Supplies	95,084	60,286	34,798	57.72%
Other Costs	52,027	40,922	11,105	27.14%
Meals	291,411	227,453	63,958	28.12%
Full Service	98,111	62,315	35,796	57.44%
Utility Assistance	39,684	34,126	5,558	16.29%
Capital Outlay	42,830	12,062	30,768	255.08%
Intergovernmental	101,035	92,117	8,918	9.68%
	<u>\$ 1,528,209</u>	<u>\$ 1,159,276</u>	<u>\$ 368,933</u>	<u>31.82%</u>

The increase in personnel expenditures in 2008 is a result of wage increases given to employees, plus the Council hired four new employees. The increase in fringe benefit expenditures in 2008 result primarily from (1) salary increases in 2008 that caused a proportional increase (\$10,537) in the payroll taxes, (2) an increase (\$27,130) in health insurance premiums for its employees, and (3) an increase (\$5,830) in workman's compensation cost. Operating service expenditures increased in 2008 primarily because of increased vehicle insurance costs (\$5,629), dues and subscriptions costs (\$3,063), general liability insurance costs (\$1,928) and telephone and utility costs (\$1,917). Operating supplies increased in 2008 primarily because of increases in the cost of gasoline (\$24,232), facility supplies (\$3,630), material aid supplies (\$2,555) and office supplies (\$4,911). Other costs increased in 2008 primarily because of increases in audit costs (\$2,779), fan purchase costs (\$1,123), special supplies costs (\$5,792), and web site costs (\$1,570). Meal costs increased in 2008 because the Council provided about 24,108 more home-delivered meals in 2008, and about 3,574 more congregate meals than it did in 2007. The base cost of a meal in FY 2008 ranged between \$2.39 and \$2.49 per meal. Full service costs increased in FY 2008 primarily because of increases in in-home respite costs (\$21,647), chore costs (\$8,352), home repair costs (\$3,514) and legal costs (\$1,712). Utility assistance costs increased because the Council had more demand for this service in 2008 than it did in 2007. Capital outlays increased in 2008 primarily due to the Council purchasing two new vans in 2008. Intergovernmental costs increased in 2008 because of charges associated with collecting property taxes.

AN ANALYSIS OF THE GENERAL FUND BUDGET

The Council's budget was not amended during the year.

The budgetary comparison schedule for the General Fund is on page 66. When you review this schedule, you will note that the budget anticipated a \$53,684 net decrease in fund balance this year for the General Fund.

The actual decrease in the General Fund's fund balance was \$130,774, which was \$77,090 more than what management expected in its budget. So overall, the actual results compared unfavorably with management's expectations. Despite the unfavorable result, the Council had ample fund balance in its General Fund to absorb the extra expenditures. The primary reasons for the difference in budget versus actual results were (1) the Council received \$101,479 less in property tax revenues than expected, (2) interest income was \$21,870 more than expected because the Council had excess funds to invest and no amounts were budgeted for interest income, (3) expenditures budgeted for meals in the amount of \$34,560 in the General Fund were actually incurred within the Title III C-2 Fund and should have been budgeted in that fund rather than in the General Fund, (4) the Council expended \$93,190 less for capital outlays than expected, (5) transfers out to other programs exceeded budgeted transfers out by \$231,135 because the actual costs to operate other programs exceeded management's expectations, (6) the Council expended \$50,992 less for personnel and fringe than expected, (7) the Council expended \$13,638 less for operating supplies than expected, and (8) operating services expenditures were \$24,055 less than the amount budgeted.

CAPITAL ASSETS AND DEBT ADMINISTRATION

The Council's investment in capital assets for its governmental activities as of June 30, 2008 amounts to \$53,741, whereas the net capital asset amount for 2007 was \$26,391. This investment in capital assets includes vehicles, furniture & equipment, computer equipment, nutrition equipment, a storage building, leasehold improvements and health maintenance equipment (see table below).

Capital Assets, Net of Depreciation

	2008	2007	Increase/ (Decrease)
Vehicles	\$ 34,965	\$ 7,232	\$ 27,733
Furniture and equipment	5,756	7,686	(1,930)
Computer equipment	2,843	3,790	(947)
Nutrition equipment	2,679	1,192	1,487
Storage building	3,922	2,316	1,606
Leasehold improvements	3,576	4,175	(599)
	<u>\$ 53,741</u>	<u>\$ 26,391</u>	<u>\$ 27,350</u>

The net increase in Capital Assets from 2008 to 2007 was a result of multiple reasons. The components of the net increase are due to depreciation expense of \$(15,480), the Council buying two vans that cost \$19,593 each, the purchase of a portable building that cost \$1,844, and the purchase of a steam table for the Walker South meal site that cost \$1,800.

At June 30, 2008 the Council had 18 vehicles in its transportation fleet, whereas in 2007 the Council had 15 vehicles. During FY 2008 four new vehicles were acquired, whereas one was sold. Two of the four new vehicles are titled to the Council, whereas the other two new vehicles are titled to the Livingston Parish Council.

The Livingston Parish Council owns thirteen of the eighteen vehicles, whereas the Council on Aging has title to five vehicles. Only the five vehicles titled to the name of the Council on Aging are included within the capital asset amounts on the Council on Aging's books.

The Council has committed to acquire three more vans in FY 2009.

The Council did not have any long-term debt related to its capital assets and does not like to incur any debt as a matter of financial stewardship.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Council received most of its funding from federal and state agencies during fiscal year 2008. This source of income for the Council has been rather steady over the years for the Council. However, some of the Council's grants and contracts are contingent upon the level of service provided by the Council, and therefore, revenues may vary from year to year. Management does not foresee any decline in the level of services it provided in 2008 versus what it will provide in 2009. Also, there have been no significant changes to the funding levels or terms of the Council's primary grants and contracts for next year.

The Council also receives the proceeds of a property tax, which has greatly improved the Council's financial position and cash flow. Management forecasts that the Council will receive about \$588,000 in net proceeds from the property tax in FY 2009.

Management has budgeted \$1,872,821 of revenues and expenditures for the Council's programs in FY 2009. The Governor's Office of Elderly Affairs (GOEA) has approved the Council's budget for fiscal year 2009.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Council's finances for all those with an interest in the Council's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Sharon Martin, Executive Director at the Council's main office located at 949 Government Drive, Denham Springs, LA 70726. The phone number for the Livingston Council on Aging is (225) 664-9343. Her email address is sharon@livcoa.brcoxmail.com.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors,
Livingston Council on Aging
Denham Springs, Louisiana

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Livingston Council on Aging, Denham Springs, Louisiana, (the Council) as of and for the year ended June 30, 2008, which collectively comprise the Council's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Council's management. My responsibility is to express opinions on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinions.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Council as of June 30, 2008, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated December 3, 2008, on my consideration of the Council's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of

internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of my audit.

The management's discussion and analysis on pages 1 through 13 and budgetary comparison information on pages 66 through 71 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Council's basic financial statements. The accompanying Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance - Nonmajor Governmental Funds and the Comparative Schedule of Capital Assets and Changes in Capital Assets are presented for purposes of additional analysis as required by the Governor's Office of Elderly Affairs but are not a required part of the Council's basic financial statements. These two schedules have been subjected to the auditing procedures I applied in the audit of the basic financial statements and, in my opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Baton Rouge, Louisiana,
December 3, 2008.

Neil Ferrari, CPA

Neil G. Ferrari, CPA

GOVERNMENT-WIDE FINANCIAL STATEMENTS

EXHIBIT A**STATEMENT OF NET ASSETS****Livingston Council on Aging****Denham Springs, Louisiana****June 30 , 2008**

	<u>Governmental Activities</u>
ASSETS	
Current Assets:	
Cash and Investments	\$ 535,227
Receivables:	
Property taxes	7,283
Livingston Parish Council	7,712
Office of Family Support	6,888
GOEA	2,437
Accrued interest receivable	342
Prepaid expenses	83,554
Van deposits	50,590
Total current assets	694,033
Capital assets, net of accumulated depreciation	53,741
Other Assets:	
Prepaid lease & vehicle usage	101,543
Total Assets	<u>849,317</u>
LIABILITIES	
Current Liabilities:	
Accounts payable to various vendors	46,696
Workman's compensation insurance payable	6,310
Payroll withholdings	1,244
Deposit escrow	100
Total current liabilities	<u>54,350</u>
NET ASSETS	
Invested in Capital Assets	53,741
Restricted for:	
Utility Assistance	6,589
Senior Citizen Birthday Parties	3,549
Unrestricted	731,088
Total Net Assets	<u>\$ 794,967</u>

The accompanying notes to the basic financial statements are an integral part of this statement.

EXHIBIT B

STATEMENT OF ACTIVITIES

Livingston Council on Aging
Denham Springs, Louisiana
For the year ended June 30, 2008

Net (Expense)
Revenue and
Increase
(Decrease) in Net
Assets

Program Revenues

Functions/Programs	Direct Expenses	Indirect Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities
Governmental Activities						
Health, Welfare & Social Services:						
Supportive Services:						
Transportation of the elderly	\$ 377,980	\$ 177,949	\$ 0	\$ 256,015	\$ 0	\$ (299,914)
Chore	14,112	64	0	1,973	0	(12,203)
Homemaker	10,001	4,949	0	1,398	0	(13,552)
Legal	5,973	0	0	3,621	0	(2,352)
Information and Assistance	24,783	12,263	0	3,465	0	(33,581)
Outreach	4,410	2,182	0	617	0	(5,975)
Recreation	52,115	25,572	0	7,678	0	(70,009)
Material Aid	6,773	3,313	0	947	0	(9,139)
Home Repairs	7,863	164	0	1,100	0	(6,927)
Wellness	11,812	5,844	0	1,652	0	(16,004)
Utility Assistance	41,685	446	0	24,934	0	(17,197)
Transportation Services - non elderly:						
Find Work/STEP	10,932	5,306	83,312	0	0	67,074
General Public	10,454	4,965	4,828	0	0	(10,591)
Nutrition Services:						
Congregate Meals	178,051	39,804	0	178,157	0	(39,698)
Home Delivered Meals	234,888	19,139	0	103,941	0	(150,086)
Disease Prevention and Health Promotion	6,459	3,198	0	4,581	0	(5,076)
Family Caregiver Support	70,486	945	0	34,293	0	(37,138)
Other Activities	1,500	0	0	5,049	0	3,549
Administration	337,077	(306,103)	0	30,974	0	0
Total governmental activities	\$ 1,407,354	\$ 0	\$ 88,140	\$ 660,395	\$ 0	\$ (658,819)

General Revenues:

Grants and contributions not restricted to specific programs	92,837	
Property taxes, net of \$86,563 retained by the Sheriff	445,936	
Interest Income	21,870	
Miscellaneous	655	
Total general revenues		561,298
Increase (Decrease) in net assets		(97,521)
Net assets - beginning of the year		892,488
Net assets - end of the year		\$ 794,967

The accompanying notes to the basic financial statements are an integral part of this statement.

FUND FINANCIAL STATEMENTS

EXHIBIT C

**FUND BALANCE SHEET
GOVERNMENTAL FUNDS**

**Livingston Council on Aging
Denham Springs, Louisiana
June 30, 2008**

	General	Title III B	Title III C: 1	Title III C: 2	Title III E	Section 5311	Non-Major Funds	Total Governmental Funds
ASSETS								
Cash and Investments	\$ 477,235	\$ 10,527	\$ 10,119	\$ 19,063	\$ 10,709	\$ 0	\$ 7,574	\$ 535,227
Receivables:								
Property Taxes	7,283	0	0	0	0	0	0	7,283
Livingston Parish Council	0	0	0	0	0	7,712	0	7,712
Office of Family Support	6,888	0	0	0	0	0	0	6,888
GOEA	0	0	0	0	0	0	2,437	2,437
Accrued interest receivable	342	0	0	0	0	0	0	342
Prepaid expenditures	160,514	0	0	0	0	0	0	160,514
Van deposits	50,590	0	0	0	0	0	0	50,590
Due from other governmental funds	10,149	0	0	0	0	0	0	10,149
Total Assets	\$ 713,001	\$ 10,527	\$ 10,119	\$ 19,063	\$ 10,709	\$ 7,712	\$ 10,011	\$ 781,142
LIABILITIES AND FUND BALANCES								
Liabilities								
Accounts payable to various vendors	1,414	6,076	9,104	18,581	10,703	0	818	46,696
Payroll withholdings	1,244	0	0	0	0	0	0	1,244
Workman's compensation payable	289	4,451	1,015	482	6	0	67	6,310
Deposit escrow	0	0	0	0	0	0	100	100
Due to other governmental funds	0	0	0	0	0	7,712	2,437	10,149
Total Liabilities	2,947	10,527	10,119	19,063	10,709	7,712	3,422	64,499
Fund Balances								
Reserved, reported in:								
General Fund:								
Prepaid expenditures	160,514	0	0	0	0	0	0	160,514
Encumbrance - van purchase commitments	50,590	0	0	0	0	0	0	50,590
Senior Citizen Birthday Parties	3,549	0	0	0	0	0	0	3,549
Unreserved/Undesignated, reported in:								
General Fund	495,401	0	0	0	0	0	0	495,401
Special Revenue Funds	0	0	0	0	0	0	6,589	6,589
Total Fund Balances	710,054	0	0	0	0	0	6,589	716,643
Total Liabilities and Fund Balances	\$ 713,001	\$ 10,527	\$ 10,119	\$ 19,063	\$ 10,709	\$ 7,712	\$ 10,011	
Amounts reported for governmental activities in the statement of net assets are different because:								
- Prepaid expenses relating to vehicle usage are not financial resources and therefore are not reported as assets in the governmental funds								24,583
- Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the governmental funds								53,741
Net Assets of Governmental Activities								\$ 794,967

The accompanying notes to the basic financial statements are an integral part of this statement.

EXHIBIT D

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDSLivingston Council on Aging
Denham Springs, Louisiana
For the year ended June 30, 2008

	General Fund	Title III B	Title III C-1	Title III C-2	Title III E	Section 5311	Nonmajor Funds	Total Governmental Funds
REVENUES								
Intergovernmental:								
Governor's Office of Elderly Affairs	\$ 21,861	\$ 83,246	\$ 115,047	\$ 69,686	\$ 34,293	\$ 0	\$ 162,655	\$ 486,788
Livingston Parish Council	0	0	0	0	0	190,064	0	190,064
Property Taxes	532,499	0	0	0	0	0	0	532,499
Public Support (Restricted):								
Client contributions	0	4,834	28,413	10,852	0	0	0	44,099
Various utility companies	0	0	0	0	0	0	23,808	23,808
Other donors	5,500	0	0	0	0	0	1,000	6,500
Public Support - Unrestricted	1,976	0	0	0	0	0	0	1,976
Program Service Fees (charges for services):								
Transportation:								
Office of Family Support	83,312	0	0	0	0	0	0	83,312
Public Fares	4,828	0	0	0	0	0	0	4,828
Interest Income	21,870	0	0	0	0	0	0	21,870
Miscellaneous	655	0	0	0	0	0	0	655
Total revenues	672,501	88,080	143,460	80,538	34,293	190,064	187,463	1,396,399
EXPENDITURES								
Health, Welfare, & Social Services:								
Current:								
Personnel	14,939	375,364	79,377	32,494	1,565	0	22,296	526,035
Fringe	4,970	116,993	21,740	9,912	450	0	6,161	160,226
Travel	0	2,411	233	0	0	0	86	2,730
Operating Services	5,609	92,814	8,505	5,406	53	0	6,649	119,036
Operating Supplies	3,946	78,313	4,197	7,370	252	0	1,006	95,084
Other Costs	2,452	23,270	3,809	1,486	477	0	20,533	52,027
Full Service	0	27,762	1,223	548	68,578	0	0	98,111
Meals	0	0	95,732	195,679	0	0	0	291,411
Utility Assistance	0	0	0	0	0	0	39,684	39,684
Capital Outlay	42,830	0	0	0	0	0	0	42,830
Intergovernmental	101,035	0	0	0	0	0	0	101,035
Total expenditures	175,781	716,927	214,816	252,895	71,375	0	96,415	1,528,209
Excess of revenues over (under) expenditures	496,720	(628,847)	(71,356)	(172,357)	(37,082)	190,064	91,048	(131,810)
OTHER FINANCING SOURCES (USES)								
Operating transfers in	0	628,847	71,356	172,357	37,082	0	35,016	944,658
Operating transfers out	(627,494)	0	0	0	0	(190,064)	(127,100)	(944,658)
Net increase (decrease) in fund balances	(130,774)	0	0	0	0	0	(1,036)	(131,810)
FUND BALANCE (DEFICIT)								
Beginning of year	840,828	0	0	0	0	0	7,625	848,453
End of year	\$ 710,054	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 6,589	\$ 716,643

The accompanying notes to the basic financial statements are an integral part of this statement.

EXHIBIT E

**Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental
Funds to the Statement of Activities**

**Livingston Council on Aging
Denham Springs, Louisiana**

For the year ended June 30, 2008

Net Increase (Decrease) in Fund Balances - Total Governmental Funds \$ (131,810)

Governmental funds report the amounts the Council expends as local "matching" funds on capital assistance grants, which result in another government obtaining title to the capital assets acquired under the grants, as intergovernmental expenditures. However, because the Council gets to use the capital assets in lieu of having paid the required local match, the Council records the amounts it paid in the Statement of Net Assets as a prepaid expense, which will be amortized over the estimated useful lives of the capital assets. This reconciling amount represents the amount by which intergovernmental expenditures which were for "matching" payments (\$14,471) exceeded amortization expense (\$7,532) this fiscal year.

6,939

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This reconciling amount is the amount by which capital outlay (\$42,830) exceeds depreciation (\$15,480) in the current period.

27,350

Increase (Decrease) of Net Assets of Governmental Activities

\$ (97,521)

The accompanying notes to the basic financial statements are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

Livingston Council on Aging
Denham Springs, Louisiana
June 30, 2008

Note 1 - Purpose of the Council on Aging and Summary of Significant Accounting Policies

The accounting and reporting policies of the Livingston Council on Aging (the Council) conform to the accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental and financial reporting principles. Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. The following is a summary of certain significant accounting policies used by the Council:

a. Purpose of the Council on Aging:

The purpose of the Council is to collect facts and statistics and make special studies of conditions pertaining to the employment, financial status, recreation, social adjustment, mental and physical health or other conditions affecting the welfare of the aging people in Livingston Parish; to keep abreast of the latest developments in these fields of activity throughout Louisiana and the United States; to interpret its findings to the citizens of the parish and state; to provide for the mutual exchange of ideas and information on the parish and state level; to conduct public meetings; to make recommendations for needed improvements and additional resources; to promote the welfare of aging people; to coordinate and monitor services with other local agencies serving the aging people of the parish; to assist and cooperate with the Governor's Office of Elderly Affairs (GOEA), and other departments of state and local government serving the elderly, and; to make recommendations relevant to the planning and delivery of services to the elderly of the Parish.

Note 1 - Purpose of the Council on Aging and Summary of Significant Accounting Policies - (continued)

a. Purpose of the Council on Aging: - (continued)

Specific services provided by the Council to the elderly residents of Livingston Parish include providing congregate and home delivered meals, nutritional education, information and assistance, outreach, material aid, chore, home repairs, medication management, in-home respite, utility assistance, homemaker, recreation, legal assistance, wellness, and transportation. The Council also provides various types of transportation services to the general public of Livingston Parish, with special emphasis being placed upon transporting the elderly and those persons requiring job training.

b. Reporting Entity

In 1964, the State of Louisiana passed Act 456 authorizing the charter of a voluntary council on aging for the welfare of the aging people in each parish of Louisiana. In 1979, the Louisiana Legislature created the Governor's Office of Elderly Affairs (GOEA) (La. R.S. 46:931) with the specific intention that GOEA administer and coordinate social services and programs for the elderly population of Louisiana through sixty-four parish voluntary councils on aging.

Before a council on aging can begin operations in a specific parish, its application for a charter must receive approval from GOEA pursuant to Louisiana Revised Statute (La. R.S.) 46:1602. Each council on aging in Louisiana must comply with the state laws that apply to quasi-public agencies as well as the policies and regulations established by GOEA.

The Livingston Council on Aging (the Council) is a legally separate, non-profit, quasi-public corporation. The Council received its charter from the Governor of the State of Louisiana on June 26, 1973 and subsequently incorporated on October 22, 1973 under the provisions of Title 12, Chapter 2 of the Louisiana Revised Statutes.

**Note 1 - Purpose of the Council on Aging and Summary of Significant Accounting Policies -
(continued)**

b. Reporting Entity: - (continued)

A board of directors, consisting of 18 voluntary members, who serve three-year terms, governs the Council. The board of directors is comprised of, but not limited to, representatives of the Parish's elderly population, general public, private businesses, and elected public officials. Board members are elected in the following manner:

- 3 members are selected from the general public to represent all sections of the parish and are drawn from, but not limited to, civic organizations, governmental agencies, businesses, and religious groups.
- 15 representatives, who must reside in the districts that they represent, are selected from each of the 9 Livingston Parish Council districts, to represent the elderly population in their respective districts.

Although the Council on Aging (COA) works with the Livingston Parish Council (LPC) in carrying out some social programs throughout Livingston Parish, the LPC does not appoint a voting majority of the COA's board and the LPC does not intend to impose its will to affect the operations of the COA. Further, the LPC only provided about 13.6% of the COA's total revenues plus free use of thirteen vehicles owned by the LPC. The LPC does not assume any specific financial burdens of the COA. As a result, the Council on Aging is not a component unit of the Livingston Parish Council.

Membership in the Council is open at all times, without restriction, to all residents of Livingston Parish who have reached the age of majority and who express an interest in the Council and wish to contribute to or share in its programs. Membership fees are not charged.

Based on the criteria set forth in GASB Statement 14, *The Financial Reporting Entity*, the Council is not a component unit of another primary government nor does it have any component units that are related to it. In addition, based on the criteria set forth in this statement, the Council has presented its financial statements as a stand-alone, special-purpose government; accordingly, it is applying the provisions of Statement 14 as if it were a primary government.

Note 1 - Purpose of the Council on Aging and Summary of Significant Accounting Policies -
(continued)

c. Basis of Presentation of the Basic Financial Statements

The Council's basic financial statements consist of "government-wide" financial statements on all activities of the Council, which are designed to report the Council as a whole entity, and "fund" financial statements, which purpose are to report individual major governmental funds and combined nonmajor governmental funds.

Both the government-wide and fund financial statements categorize primary activities as either "governmental" or "business" type. The Council's functions and programs have all been categorized as "governmental" activities. The Council does not have any business-type activities, fiduciary funds, or any component units that are fiduciary in nature. Accordingly, the government-wide financial statements do not include any of these activities or funds.

Government-Wide Financial Statements:

The government-wide financial statements include the Statement of Net Assets and the Statement of Activities for all activities of the Council. As a general rule, the effect of interfund activity has been eliminated from these statements. The government-wide presentation focuses primarily on the sustainability of the Council as an entity and the change in its net assets (financial position) resulting from the activities of the current fiscal year. Governmental activities are supported primarily by intergovernmental revenues and property taxes.

In the government-wide Statement of Net Assets only one column of numbers has been presented for total governmental activities. The numbers are presented on a consolidated basis and represent only governmental type activities.

The Statement of Net Assets has been prepared on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Council's net assets are reported in three parts - invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets.

**Note 1 - Purpose of the Council on Aging and Summary of Significant Accounting Policies -
(continued)**

c. Basis of Presentation of the Basic Financial Statements - (continued)

The government-wide Statement of Activities reports both the gross and net cost of each of the Council's functions and significant programs. General government revenues, such as intergovernmental revenues, property taxes, and unrestricted public support, support many functions and programs, particularly if the function or program has a net cost. The Statement of Activities begins by presenting gross direct and indirect expenses that include depreciation and amortization, and then reduces the expenses by related program revenues, such as charges for services, operating and capital grants, and contributions, to derive the net cost of each function or program. Program revenues must be directly associated with the function or program to be used to directly offset its cost. Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants.

Direct expenses reported in the Statement of Activities are those that are clearly identifiable with a specific function or program, whereas, the Council allocates its indirect expenses among various functions and programs in accordance with OMB Circular A-87. The Statement of Activities shows this allocation in a separate column labeled "indirect expenses." GOEA provides administrative grant funds to help the Council pay for a portion of its indirect costs. As a result, only the indirect costs in excess of the GOEA administrative funds are allocated to the Council's other functions and programs.

In the Statement of Activities, charges for services represent program revenues obtained by the Council when it renders services that are provided by a specific function or program to people or other entities. Contributions, grants, interest income, and miscellaneous revenues that are not included among program revenues are reported instead as general revenues in this statement. Special items, if any, are significant transactions within the control of management that are either unusual in nature or infrequent in occurrence and are separately reported below general revenues.

**Note 1 - Purpose of the Council on Aging and Summary of Significant Accounting Policies -
(continued)**

c. Basis of Presentation of the Basic Financial Statements – (continued)

Fund Financial Statements:

The fund financial statements present financial information that is very similar to that which was included in the general-purpose financial statements issued by governmental entities before Statement No. 34 required the format change.

The daily accounts and operations of the Council continue to be organized using funds and account groups. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain governmental functions or activities. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues, and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The various funds are reported by generic classification within the financial statements.

The Council uses governmental fund types. The focus of the governmental funds' measurement (in the fund statements) is on determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than on net income. An additional emphasis is placed on major funds within the governmental fund types. A fund is considered major if it is the primary operating fund of the Council or if its total assets, liabilities, revenues, or expenditures are at least 10% of the corresponding total for all funds of that category or type. In addition, management may also choose to report any other governmental fund as a major fund if it believes the fund is particularly important to financial statement users. For this year's fund financial statements, management did not choose to include any other funds as major funds. The nonmajor funds are summarized by category or fund type into a single column in the fund financial statements.

Note 1 - Purpose of the Council on Aging and Summary of Significant Accounting Policies - (continued)

c. Basis of Presentation of the Basic Financial Statements - (continued)

Governmental fund equity is called the fund balance. Fund balance is further classified as reserved and unreserved, with unreserved being further split into designated and undesignated. Reserved means that the fund balance is not available for expenditure because resources have already been expended (but not consumed), or a legal restriction has been placed on certain assets that makes them only available to meet future obligations. Designated fund balances result when management tentatively sets aside or earmarks certain resources to expend in a designated manner. In contrast to reserved fund balances, designated amounts can be changed at the discretion of management.

The following is a description of the governmental funds of the Council:

The General Fund is the general operating fund of the Council and is used to account for all financial resources except those required to be accounted for in another fund.

The following are brief descriptions of the programs that comprise the Council's General Fund:

Local

The Council receives revenues that are not required to be accounted for in a specific program or fund. Accordingly, these revenues have been recorded in the local program of the General Fund. These funds are generally unrestricted, which means they may be used at the Council's discretion. Expenditures to acquire fixed assets, and expenditures for costs not allowed by another program due to budget limitations or the nature of the expenditure, are recorded in the local program. Because most local funds are unrestricted, local funds are often transferred to other programs to eliminate deficits in cases where the expenditures of the other programs exceeded their revenues.

Note 1 - Purpose of the Council on Aging and Summary of Significant Accounting Policies -
(continued)

c. Basis of Presentation of the Basic Financial Statements - (continued)

PCOA

PCOA funds are appropriated for the Council by the Louisiana Legislature and remitted to the Council via the Governor's Office of Elderly Affairs (GOEA). The Council may use these "Act 735" funds at its discretion in any program provided the program is benefiting people who are at least 60 years old. In fiscal year 2008, the Council transferred all of its PCOA funds to the Title III B Fund to provide additional funds to pay for its program expenditures.

Near the end of the previous fiscal year, the Louisiana legislature passed a supplemental appropriations bill that provided an additional \$25,000 of PCOA funds to each council on aging in the state. The money was restricted by the state legislature for the purpose of purchasing supplies and other non-perishable durable goods for the elderly. The Council had not expended any of the \$25,000 supplemental PCOA funds as of June 30, 2007. However, on July 11, 2007, the Council purchased two vehicles and used all \$25,000 to help pay for their cost.

Transportation

The Council provides various transportation services to the residents of Livingston Parish who are not 60 years old for a fee. These program service fees and their related costs are accounted for within the "Transportation" program of the General Fund. In contrast, transportation services provided to residents who are at least 60 years old are accounted for in the Elderly Transportation program of the Title III B Fund.

**Note 1 - Purpose of the Council on Aging and Summary of Significant Accounting Policies -
(continued)**

c. Basis of Presentation of the Basic Financial Statements - (continued)

Transportation - (Continued)

During the fiscal year, the primary services provided under this program consisted of the following:

- The Council participates in a contract with the Louisiana Department of Social Services' (DSS) Office of Family Support (OFS). This program provides transportation services to people who are participants in the STEP program. The STEP program's purpose is to transport young men and women to the Office of Family Support and to adult education classes or job training. Also, if the participants have children, then transportation is provided to take the children to day care.
- The Council will also transport people under age 60 who pay cash fare for the service. The fare ranges from \$5.00 to \$8.00 per one-way trip and is based on whether the trip is in the parish or out of the parish. These revenues and the related expenditures are accounted for in this program, which is referred to as "General Public Transportation".

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The Council has established several special revenue funds. The following are brief descriptions of the purpose of each special revenue fund and their classification as either a major or nonmajor governmental fund:

Note 1 - Purpose of the Council on Aging and Summary of Significant Accounting Policies -
(continued)

c. Basis of Presentation of the Basic Financial Statements - (continued)

Major Governmental Funds:

Title III B Fund

The Title III B Fund accounts for funds used to provide various units of supportive social services to the elderly. GOEA has established the criteria for a qualifying unit of service for each Title III program. Specific supportive social services, along with the number of units provided during the fiscal year, are as follows:

	<u>Units</u>
Information and Assistance	842
Outreach	481
Homemaker	1,920
Recreation	33,879
Transportation for people age 60 or older	31,547
Assisted Transportation	7,083
Legal	109
Home Repair	62
Material Aid	27,418
Utility Assistance	390
Wellness	17,143
Chore	196

**Note 1 - Purpose of the Council on Aging and Summary of Significant Accounting Policies -
(continued)**

c. Basis of Presentation of the Basic Financial Statements - (continued)

Title III C-1 Fund

The Title III C-1 Fund accounts for funds that are used to provide nutritional, congregate meals to people age 60 or older in strategically located centers throughout Livingston Parish. The Council maintains meal sites in Denham Springs, Maurepas, Walker South, Livingston, and Springfield. During the year, the Council served 39,353 meals to people eligible to participate in this program. In addition to the meals served, the Council also provided 268 units of nutritional education to eligible participants under this program.

Title III C-2 Fund

Title III C-2 Fund accounts for funds that are used to provide nutritional meals to homebound people who are age 60 or older. Using Title III C-2 funds, the Council served 81,956 meals during the year to people eligible to participate in this program. The Council also provided 2 units of nutrition education under this program.

Title III E Fund

The Title III E Fund accounts for funds relating to the National Family Caregiver Support program, which targets older, low-income individuals. During the year, the Council provided 35 units of information and assistance, 4,034 units of in-home respite, 16 units of material aid, and 146 units of public education under this program.

**Note 1 - Purpose of the Council on Aging and Summary of Significant Accounting Policies -
(continued)**

c. Basis of Presentation of the Basic Financial Statements - (continued)

Section 5311 Fund

The Section 5311 Fund was established to account for funds under the U.S. Department of Transportation's Public Transportation Operating Assistance Program for Nonurbanized Areas. The Louisiana Department of Transportation and Development (DOTD) receives these funds for the State of Louisiana and passes them through to the Council via the Livingston Parish Council (LPC). Funds earned and received by the Council are based on actual operating costs of providing transportation services to rural residents within Livingston Parish. As part of calculating the operating costs of this program, the Council may apportion some of the in-kind contributions it receives as allowable transportation expenses. This provision results in the Council receiving cash reimbursement for costs that did not require the Council to spend cash. Section 5311 funds were used as operating transfers to help pay for costs incurred in providing transportation services under the Council's elderly transportation program.

Nonmajor Governmental Funds:

Area Agency Administration Fund

The Area Agency Administration (AAA) Fund is used to account for a portion of the indirect costs of administering the Council's programs. Each fiscal year GOEA provides the Council with funds to help pay for the costs of administering the Council's special programs for the aging. The amount of funding is not enough to pay for all of the indirect costs. As a result, the Council will allocate its indirect costs to this fund first. Once the GOEA funds are completely used, any indirect costs, in excess of the funds provided by GOEA, are distributed to other funds and programs using a formula based on the percentage each program's direct costs bears to direct costs for all programs. Indirect costs are not allocated to all funds because program restrictions may prohibit or limit the payment of administrative type costs.

**Note 1 - Purpose of the Council on Aging and Summary of Significant Accounting Policies -
(continued)**

c. Basis of Presentation of the Basic Financial Statements - (continued)

Title III D Fund

The Title III D Fund accounts for funds used for disease prevention and health promotion activities, which includes medication management and wellness services. During the year, 638 units of medication management services were provided to eligible participants in this program.

NSIP Fund

The NSIP Fund is used to account for the administration of Nutrition Services Incentive Program funds provided by the Administration on Aging, U.S. Department of Health and Human Services, to GOEA, which in turn "passes through" the funds to the Council. GOEA distributes NSIP funds to each parish council on aging in Louisiana based on how many meals each council on aging served in the previous year in relation to the total meals served statewide by all councils. Using this formula, the Council receives from GOEA approximately 62 cents per congregate and home-delivered meal it serves. The primary purpose of the NSIP reimbursement is to provide money to buy food that will be used in the preparation of congregate and home-delivered meals under nutrition service programs. The food purchased for these purposes must be of United States origin or be commodities from the United States Department of Agriculture.

**Note 1 - Purpose of the Council on Aging and Summary of Significant Accounting Policies -
(continued)**

c. Basis of Presentation of the Basic Financial Statements - (continued)

Senior Center Fund

The Senior Center Fund is used to account for the administration of Senior Center program funds appropriated by the Louisiana Legislature to GOEA, which in turn "passes through" the funds to the Council. The purpose of this program is to provide a community service center where elderly people can receive supportive social services and participate in activities which foster their independence, enhance their dignity, and encourage their involvement in and with the community. The senior center for Livingston Parish is located in Denham Springs. Senior Center funds can be used at management's discretion to support any of the Council's programs that benefit the elderly. Accordingly, during the year, management transferred all of the Senior Center Funds (\$66,010) to the Title III B Fund to subsidize that fund's cost of providing supportive services to elderly persons who use the senior center.

Supplemental Senior Center Fund

The Louisiana Legislature appropriated additional money for various councils on aging throughout the state to be used to supplement the primary grant for senior centers. The Council was one of the parish councils to receive a supplemental grant of \$2,990. The money received by this fund during the year was transferred to the Title III B Fund to supplement the supportive services provided by this fund. The Governor's Office of Elderly Affairs provided these funds to the Council.

Audit Fund

The Audit Fund is used to account for funds received from the Governor's Office of Elderly Affairs that are restricted to use as a supplement to pay for the cost of having an annual audit of the Council's financial statements. The cost of last year's audit was \$17,626 whereas the supplement was \$2,437.

**Note 1 - Purpose of the Council on Aging and Summary of Significant Accounting Policies -
(continued)**

c. Basis of Presentation of the Basic Financial Statements – (continued)

Utility Assistance Fund

This fund is used to account for the administration of utility assistance programs sponsored by local utility companies. The companies collect contributions from service customers and remit the funds to the parish councils on the aging to provide assistance to the elderly for the payment of utility bills. The contributions can only be used to pay for direct services. No indirect or administration expenses can be paid for with these funds. The Council's general policy is to provide utility assistance up to \$200 three times per eligible person per year. Emergencies or unusual circumstances may permit additional assistance. During the year, the Council was able to provide 390 units of service to 300 different people with these funds.

d. Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

• Government-wide Financial Statements – Accrual Basis

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Note 1 - Purpose of the Council on Aging and Summary of Significant Accounting Policies - (continued)

d. Measurement Focus and Basis of Accounting - (continued)

• Fund Financial Statements - Modified Accrual Basis

Governmental fund level financial statements are reported using a current financial resources measurement focus and the modified accrual basis of accounting. A current financial resources measurement focus means that only current assets and current liabilities are generally included on the fund balance sheet. The operating statements of the funds present increases (revenues and other financing sources) and decreases (expenditures and other uses) in net current assets. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., when they are both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Council considers revenues to be "available" if they are collected within sixty days of the current fiscal year end. Expenditures are generally recorded under the modified accrual basis of accounting when the related liability is incurred, if measurable, except for the following: (1) unmatured principal and interest on long-term debt, if any, are recorded when due, and (2) claims, judgments, and compensated absences are recorded as expenditures when paid with expendable available financial resources. Depreciation and amortization are costs that are not recognized in the governmental funds.

e. Interfund Activity

In the fund financial statements, interfund activity is reported as either loans or transfers. Loans between funds are reported as interfund receivables (due from) and payables (due to) as appropriate. Transfers represent a permanent reallocation of resources between funds. In other words, they are not expected to be repaid.

In the government-wide financial statements, all types of interfund transactions are eliminated when presenting the governmental activity information.

Note 1 - Purpose of the Council on Aging and Summary of Significant Accounting Policies -
(continued)

f. Cash

Cash includes not only currency on hand, but also demand deposits with banks or other financial institutions.

For purposes of the Statement of Net Assets restricted cash are amounts received or earned by the Council with an explicit understanding between the Council and the resource providers that the resource would be used for a specific purpose.

g. Receivables

The financial statements for the Council do not contain an allowance for uncollectible receivables because management believes all amounts will be collected. However, if management becomes aware of information that would change its assessment about the collectibility of any receivable, management would write off the receivable as a bad debt at that time.

h. Investments

GASB Statement 31 requires the Council to report its investments at fair value in the balance sheet, except for investments in non-participating interest-earning contracts, such as, non-negotiable certificates of deposit with redemption terms that do not consider market rates. This type of investment is reported using a cost-based measure, provided that the fair market value of the contract is not significantly affected by the impairment of the credit standing of the issuer or other factors. The Council had an investment like this at year-end; such investment being a certificate of deposit with Capital One Bank.

Investments, which include securities traded on a national or international exchange, are valued based on their last reported sales price. Investments that do not have an established market are reported at estimated fair value. The Council did not own any investments such as these this year.

Note 1 - Purpose of the Council on Aging and Summary of Significant Accounting Policies -
(continued)

h. Investments – (continued)

However, the Council invested funds in the Louisiana Asset Management Pool (LAMP). LAMP is a local government 2a7-like investment pool established as a cooperative endeavor to enable public entities of the State of Louisiana to aggregate funds for investment. For financial statement purposes, LAMP investments are valued and reported at fair value. A 2a7-like pool is an external investment pool that is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's rule 2a7 of the Investment Company Act of 1940.

i. Prepaid Expenses/Expenditures

Prepaid expenses include amounts paid in advance for goods and services. Prepaid expenses are shown as either current or other assets on the government-wide Statement of Net Assets, depending on when management expects to realize their benefits.

In the fund financial statements, the Council has elected not to include amounts paid for future goods and services as expenditures until those services are consumed. This method of accounting for prepaid expenditures helps assure the Council's management that costs incurred will be reported in accordance with the Council's cost reimbursement grants. These types of grants do not permit the Council to obtain reimbursement for qualified expenditures until the goods and services relating to them are consumed. As a result, the prepaid expenditures are shown as an asset on the balance sheet of the fund financial statements until they are consumed. In addition, a corresponding amount of the fund balance of the General Fund has been reserved to reflect the amount of fund balance not currently available for expenditure.

Note 1 - Purpose of the Council on Aging and Summary of Significant Accounting Policies -
(continued)

i. Prepaid Expenses/Expenditures (continued)

For purposes of presenting prepaid expenses in the Statement of Activities, the Council will follow the same policy it uses to record prepaid expenditures in the fund financial statements with one exception. Disbursements made as "matching" payments to acquire vehicles that will be titled to another government are capitalized and amortized in the government-wide statements as prepaid expenses to better present the economies of this type of transaction and to keep from distorting the Council's transportation activities in the Statement of Activities. In contrast, 100% of the "matching" payments are reported in the fund financial statements as intergovernmental expenditures when the vehicles are received.

j. Capital Assets

The accounting and reporting treatment used for capital assets depends on whether the capital assets are reported in the government-wide financial statements or the fund financial statements.

Government-Wide Financial Statements

Capital assets are long-lived assets purchased or acquired with an original cost of at least \$1,000 and have an estimated useful life of greater than one year. When purchased or acquired, these assets are recorded as capital assets in the government-wide Statement of Net Assets. If the asset was purchased, it is recorded in the books at its cost. If the asset was donated, then it is recorded at its estimated fair market value at the date of donation. Capital assets will also include major repairs to equipment and vehicles that significantly extend the asset's useful life. Routine repairs and maintenance are expensed as incurred.

Note 1 - Purpose of the Council on Aging and Summary of Significant Accounting Policies - (continued)

j. Capital Assets - (continued)

For capital assets recorded in the government-wide financial statements, depreciation is computed and recorded using the straight-line method for the asset's estimated useful life. The Council follows a guideline issued by the State of Louisiana's Office of Statewide Reporting and Accounting to establish the useful lives of the various types of capital assets that are depreciated and the method used to calculate annual depreciation. Using this guideline, the estimated useful lives of the various classes of depreciable capital assets are as follows:

Office & Other Equipment - other than computers	6 to 10 years
Furniture	10 years
Vehicles	5 years
Computer equipment	5 years
Leasehold improvements & storage building	20 years

When calculating depreciation, the State's guideline assumes that capital assets will not have any salvage value and that a full year's worth of depreciation will be taken in the year the capital assets are placed in service or disposed.

Fund Financial Statements

In the fund financial statements, capital assets used in the Council's operations are accounted for as capital outlay expenditures of the governmental fund that provided the resources to acquire the assets. Depreciation and amortization are not computed or recorded on capital assets for purposes of the fund financial statements.

Note 1 - Purpose of the Council on Aging and Summary of Significant Accounting Policies - (continued)

k. Non-Current (Long-term) Liabilities

The accounting treatment of non-current liabilities depends on whether they are reported in the government-wide or fund financial statements. In the government-wide financial statements, all non-current liabilities that will be repaid from governmental resources are reported as liabilities in the government-wide statements. In the fund financial statements, non-current liabilities for governmental funds are not reported as liabilities or presented anywhere else in these statements. The Council did not have any non-current liabilities at year-end.

l. Unpaid Compensated Absences

The Council's annual and sick leave policy requires employees to consume any annual or sick leave they might earn within the Council's fiscal year. In other words, an employee must "use or lose" any earned leave on or before June 30th of every year. As a result, the Council has not accrued a liability for any unused leave in the financial statements.

The Council's management has this policy to minimize the Council's exposure to a liability for which the Council may not have the funds to pay.

m. Advances From Funding Agency

Advances from funding agency represent unexpended balances of grants awarded to the Council that are required to be returned to the funding agency at the end of the grant period. Grant funds due back to the funding agency are recorded as a liability when the amount due becomes known, normally when a final accounting is submitted to the funding agency. The Council did not have advances from any funding agency at year-end.

Note 1 - Purpose of the Council on Aging and Summary of Significant Accounting Policies - (continued)

n. Deferred Revenue

The Council reports deferred revenues on both the Statement of Net Assets (government-wide) and the Balance Sheet of the fund financial statements. Deferred revenues arise when the Council receives resources before it has a legal claim to them, as when grant monies are received before the occurrence of qualifying expenditures. In subsequent periods, when the Council has a legal claim to the resources, the liability for deferred revenue is removed from the Statement of Net Assets and the Fund Balance Sheet, whichever the case might be, and the revenue is recognized. The Council did not have any deferred revenue at year end.

o. Deferred Property Tax Revenue

Deferred property tax revenue represents taxes expected to be collected but not within 60 days after the end of the Council's fiscal year for which the taxes were levied. Deferred property tax revenues are reported on the Balance Sheet of the fund financial statements, but not on the Statement of Net Assets, because the related revenues are recognized in the Statement of Activities using the full accrual basis of accounting. In subsequent periods when the deferred property tax revenues are collected, the deferral is removed from the Balance Sheet of the fund financial statements and revenues are recognized. The Council did not have any deferred property tax revenue at year end.

p. Net Assets in the Government-wide Financial Statements

In the government-wide Statement of Net Assets, the Net Asset amount is classified and displayed in three components:

- Invested in capital assets - This component consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those capital assets. At year-end the Council did not have any borrowings that were related to capital assets.

**Note 1 - Purpose of the Council on Aging and Summary of Significant Accounting Policies
- (continued)**

p. Net Assets in the Government-wide Financial Statements - (continued)

- Restricted net assets - This component consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- Unrestricted net assets - This component consists of all other net assets that do not meet the definition of "restricted" or "invested in capital assets."

When both restricted and unrestricted resources are available for use in a specific program or for a specific purpose, the Council's policy is to use restricted resources first to finance its activities, except for nutrition services. When providing nutrition services, revenues earned by the Council under its NSIP contract with GOEA can only be used to pay for the raw food component of each meal that is bought and served to a person eligible to receive a meal under one of the nutrition programs. The Council's management has discretion as to how and when to use the NSIP revenues when paying for nutrition program costs. Quite often, unrestricted resources are available for use that must be consumed or they will have to be returned to the grantor agency. In such cases it is better for management to elect to apply and consume the unrestricted resources before using the restricted resources. As a result, in this case, the Council will depart from its usual policy of using restricted resources first.

Note 1 - Purpose of the Council on Aging and Summary of Significant Accounting Policies - (continued)

q. Fund Equity - Fund Financial Statements

Governmental fund equity is classified as fund balance. Fund Balance may be further classified as reserved and unreserved, with unreserved further split into designated and undesignated. Reserved means that the Council has "reserved" portions of its fund balance that are not available for expenditure because resources have already been expended (but not consumed), or a legal restriction has been placed on certain assets which make them only available to meet future obligations.

Designated fund balances result when the Council's management intends to expend certain resources in a designated manner. Normally, designations of fund balances can be changed at the discretion of the Council's Board of Directors. There were no designated fund balances at year-end.

r. Management's Use of Estimates

The preparation of financial statements in conformity with United States generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

s. Allocation of Indirect Expenses

The Council reports all direct expenses by function and programs of functions in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function or program. Indirect expenses are recorded as direct costs of the Administration function. GOEA provides funds to partially subsidize the Council's Administration function. The unsubsidized net cost of the Administration function is allocated using a formula based primarily on the relationship the direct cost a program bears to the direct cost of all programs. There are some programs that cannot absorb any indirect expense allocation according to their grant or contract restrictions.

Note 1 - Purpose of the Council on Aging and Summary of Significant Accounting Policies - (continued)

t. Elimination and Reclassifications

In the process of aggregating data for the Statement of Net Assets and the Statement of Activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

Note 2 - Revenue Recognition

Revenues are recorded in the government-wide financial statements when they are earned using the accrual basis of accounting.

Revenues are recorded in the fund financial statements using the modified accrual basis of accounting. In applying the susceptible to accrual concept using this basis of accounting, intergovernmental grant revenues, program service fees (charges for services), and interest income are usually both measurable and available. However, the timing and amounts of the receipts of public support and miscellaneous revenues are often difficult to measure; therefore, they are generally recorded as revenue in the period received.

Note 3 - Revenue Recognition - Property Tax

During fiscal year 2005, the Council began receiving funds from a property tax that was adopted by the voters of Livingston Parish to provide money to finance the Council's operations. The Livingston Parish Assessor began assessing the property tax (2 mills) on November 15, 2004, and will continue to do so each November 15 for ten years. The tax will be based upon the assessed (appraised) value, less homestead exemptions, on all real and business personal property located within the Parish. The 1st day of January preceding the annual levy date (Nov. 15th) will be used as the date to value the property subject to tax.

Note 3 - Revenue Recognition - Property Tax - (Continued)

The gross assessed value as of January 1, 2007, of the certified roll was \$463,254,380. After applying homestead exemptions and other reductions of \$189,618,010 the net assessed value upon which the Council's property tax was computed was \$273,636,370. Two mills is the maximum amount the Council may legally elect to assess property owners each year. The Council elected to have the Parish assess the full two mills for tax year 2007. Accordingly, management estimated the gross amount of property tax payable, excluding back tax settlements and uncollectible amounts, to the Council for this fiscal year to be approximately \$547,273.

Property taxes are due on November 15 and are considered delinquent if not paid by December 31. Most of the property taxes are collected during the months of December, January, and February. The Livingston Parish Sheriff acts as the collection agent for the Parish's property taxes and, for performing this service, charges the Council a 12% collection commission based on taxes actually collected. The Sheriff also will have a "tax sale" each year to try and collect as much of the taxes dues as possible. The tax sale date for Livingston Parish for the 2007 tax assessment was June 18, 2008, and the tax liens were recorded on July 9, 2008.

Property taxes are recorded as receivables and deferred revenues at the time the tax levy is billed. As the Sheriff collects the taxes, he forwards them to the Council on Aging where they are recorded as revenues in accordance with the modified accrual basis of accounting.

The Council also accrues as current year revenues any property taxes it receives within 60 days of year-end because it considers those amounts to be measurable and available. Accordingly, property tax collections of \$7,283 during July and August 2008 were accrued as this year's revenues. The Council did not present any amounts this year as deferred property tax revenue because management estimates little, if any, property taxes will be collected after August 31, 2008 for the 2007 property tax assessment.

Based on information available to management at the time these financial statements were prepared, management estimates \$532,432 (approximately 97.3%) of the property taxes due from the 2007 tax assessment will be collected. Accordingly, management has recorded an estimate for uncollectible property taxes of \$14,841, which has been charged directly against the gross property tax revenue for the fiscal year.

Note 3 - Revenue Recognition - Property Tax - (Continued)

Property tax revenues on the fund financial Statement of Revenues, Expenditures, and Changes in Fund Balances (Exhibit D) include \$64,479 withheld by the Sheriff for collection commissions, \$20,985 for "on-behalf payments for fringe benefits," which represent the Council's pro rata share of retirement plan contributions for other governmental units, and \$1,099 for the Council's pro rata share of the cost of a computer for the Livingston Parish Council. A corresponding amount of \$86,563 has also been included within the total of \$101,035 of intergovernmental expenditures on Exhibit D. For purposes of the government-wide Statement of Activities (Exhibit B), property tax revenues of \$532,499 were reduced by the \$86,563 withheld by the Sheriff producing net property tax revenue of \$445,936, which was a component of general revenues on that statement. Also see Note 12 to these financial statements.

Note 4 - Cash Management, Deposits, and Investments

Cash Management and Deposits

The Council maintains a consolidated bank account at Hancock Bank to deposit most of the funds it receives and to pay its bills. The consolidated bank account is available for use by all funds. The purpose of the consolidated account is to reduce administration costs and facilitate cash management. The consolidated account also allows those funds with available cash resources to temporarily cover any negative cash balances in other funds.

The Council also maintains a petty cash account of \$500 to pay for small, unexpected expenses that might arise during daily operations.

During the year the Council might accumulate cash in excess of its immediate needs. To maximize its revenues, the Council's management will invest the excess cash. Although it is not required by law to comply with the State of Louisiana's investment laws, the Council's management has adopted an investment policy that is intended to follow Louisiana Revised Statute 33:2955, which sets forth a list of the types of investments in which a political subdivision may invest its temporarily idle funds. Accordingly, the Council's management invested \$28,492 in a certificate of deposit (CD) and \$461,675 in the Louisiana Asset Management Pool (LAMP). Both types of investments comply with state law and the Council's investment policy.

Note 4 - Cash Management, Deposits, and Investments - (Continued)

As described in Louisiana law, the Council is classified as a quasi-public entity. Accordingly, the Council is not required to comply with Louisiana laws relating to the collateralization of bank deposits. However, it is the Council's policy to follow state law in an effort to minimize risks associated with bank deposits that exceed those currently covered by FDIC insurance.

At year-end, the carrying amount of the Council's cash balance on the books for the account at Hancock Bank was \$28,492, whereas the related bank balance totaled \$128,805. The difference in the book and bank balances for these cash accounts relates primarily to deposits made and checks written which had not cleared the bank accounts by year-end. At year-end, \$100,000 of the bank balances were covered by federal depository insurance. However, \$28,805 of bank deposits were not properly collateralized by pledged securities and were not insured by federal depository insurance. Accordingly, these cash balances were exposed to credit risks (Category 3).

The certificate of deposit (CD) at Capital One Bank represents a nonparticipating interest-earning contract as described in GASB Statement 31; accordingly, it has been reported at cost in these financial statements. At June 30, 2008 the entire balance of the CD was covered 100% by FDIC insurance thereby making it a Category 1 type credit risk.

LAMP is an external investment pool established as a cooperative endeavor to enable public entities in the State of Louisiana an opportunity to combine their funds for investment. LAMP is administered by LAMP, Inc., a non-profit corporation organized under Louisiana law. Although LAMP is not required to be a registered investment company under the Investment Company Act of 1940, its investment policies are similar to those established by Rule 2a7, which governs registered money market funds. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high-quality investments. The LAMP portfolio includes investments only in federal agencies backed by the U.S. government, government-only money market funds rated AAA by Standard & Poor's, and commercial paper of domestic United States corporations rated A-1 or A-1+ by Standard & Poor's. The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days and LAMP consists of no securities with a maturity of more than 397 days. However, LAMP voluntarily complies with Standard & Poor's requirement for AAAM rated funds to restrict the average weighted average maturity of investments to 60 days

Note 4 - Cash Management, Deposits, and Investments - (Continued)

or less in order to maintain its AAAM rating for the LAMP pool. By doing this, LAMP maintains the safety of its invested principal and limits its exposure to loss in the market. The fair market value of investments is determined on a weekly basis to monitor any variances between amortized cost and market value. For purposes of determining participants' shares sold and redeemed, investments are valued at amortized cost. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. The investments comprising LAMP's portfolio are stated at their fair values based on quoted market rates. The fair values are determined on a weekly basis by LAMP and the fair value of the position of the pool is the same as the value of the pool shares. LAMP seeks to maintain a stable net asset value of \$1.00 per unit, but there are no assurances that LAMP will be able to always achieve this objective. Because of its liquidity, the balance in the LAMP account is classified as a current asset on the Statement of Net Assets. The LAMP investment does not have a credit risk categorization similar to the Council's demand deposits and CD because the LAMP investment is not evidenced by securities that exist in physical or book entry form. However, LAMP issues an annual audited financial statement, in which the pool's custodial credit risks and investment policies are disclosed.

<u>Cash and Investments</u>					
<u>Cash & Investments</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Interest Rate</u>	<u>Maturity</u>	<u>Credit Risk Category</u>
<u>Cash</u>					
Hancock Bank - consolidated	\$ 44,560	\$ 44,560	None	Demand	Category 3
Petty Cash	500	500	None	N/A	None
Total Cash	45,060	45,060			
<u>Investments</u>					
Certificate of Deposit:					
Capital One Bank	28,492	28,492	2.00%	9/23/2008	Category 1
LAMP	461,675	461,675	2.89%	Demand	Not Required
Total Investments	490,167	490,167			
Total Cash & Investments	\$ 535,227	\$ 535,227			
Unrestricted Purpose	\$ 524,189				
Restricted Purpose:					
Senior Citizen Birthday Parties	3,549				
Utility Assistance	7,489				
Total Cash & Investments	\$ 535,227				

Note 4 - Cash Management, Deposits, and Investments - (continued)

As illustrated in the above table, some of the Council's cash and investments are restricted assets for presentation in the Statement of Net Assets. Restricted assets include amounts received or earned by the Council with an explicit understanding between the Council and the resource providers that the resource would be used for a specific purpose. The Council has presented these restricted assets as a component of current assets in the Statement of Net Assets because they are available for use in current operations.

Interest income of \$21,870 for fiscal year 2008 was derived from the following sources:

• Capital One Bank	\$ 1,208
• LAMP	18,759
• Interest paid by Livingston Parish on property taxes	1,903

Interest income of \$21,870 was allocated 100% to the General Fund.

Note 5 - Prepaid Expenditures and Expenses

At year-end, prepaid expenditures in the Fund Balance Sheet consisted of the following:

• Rent of the Denham Springs senior center	\$87,317 (See Note 17)
• Prepaid Insurance	72,407
• Prepaid Dues	<u>790</u>
Total prepaid expenditures	<u>\$160,514</u>

At year-end, prepaid expenses in the Statement of Net Assets consisted of the following:

	<u>Current Portion</u>	<u>Noncurrent Portion</u>
Prepaid dues	\$ 790	\$ 0
Prepaid insurance	72,407	0
Rent of the Denham Springs senior center	2,600	84,717
Vehicle usage	<u>7,757</u>	<u>16,826</u>
Total prepaid expenses	<u>\$83,554</u>	<u>\$101,543</u>

Note 5 - Prepaid Expenditures and Expenses - (continued)

The current portion of prepaid expenses represents the amounts that management expects the Council to consume and economically benefit from in the next fiscal year. The noncurrent portions represent the amounts that will be amortized in future years based on leases or agreements that the Council has in effect with the City of Denham Springs for the use of the Denham Springs senior center and the Livingston Parish Council for the use of vehicles owned by it.

The difference between prepaid expenditures and prepaid expenses arises from transactions wherein the Council on Aging (COA) puts up all the "matching funds" under capital assistance grants the Livingston Parish Council (LPC) enters into with the Louisiana Department of Transportation and Development (DOTD) to acquire vehicles that the COA will use to provide public transportation to the general public of Livingston Parish. The vehicles are titled in the name of the LPC but the COA uses the vehicles for its transportation programs and must pay for all the operating costs. The funds the COA expends for the grant match are first recorded as a deposit in its Fund Balance Sheet and Statement of Net Assets when the funds are remitted to DOTD. Upon delivery of the vehicle to the COA, the deposit is reversed as an intergovernmental expenditure in the COA's fund financial statements.

However, in the government-wide statements, the grant match is classified as a prepaid expense and amortized over the estimated useful life of the vehicle (60 months). The COA's management believes presenting the van match transactions in this manner in the government-wide financial statements will best present the economics of this type of transaction. No written lease exists between the LPC and the COA that sets forth the terms of the agreement to use the LPC's vehicles. However, the LPC and the COA have used this type of cooperative agreement to provide public transportation to the residents of Livingston Parish for many years.

Exhibit F
Continued

Note 6 - Changes in Capital Assets and Accumulated Depreciation

A summary of changes in capital assets and related accumulated depreciation is as follows:

Capital Assets Being Depreciated	Balance June 30, 2007	Additions	Deletions	Balance June 30, 2008
Vehicles	\$ 84,524	\$ 39,186	\$ (15,568)	\$ 108,142
Furniture & equipment	33,141	0	0	33,141
Computer equipment	4,736	0	0	4,736
Nutrition equipment	4,064	1,800	(2,739)	3,125
Storage building	2,895	1,844	0	4,739
Leasehold improvements	12,008	0	0	12,008
Health maintenance equipment	1,995	0	0	1,995
Total capital assets	143,363	42,830	(18,307)	167,886
Less Accumulated Depreciation:				
Vehicles	77,292	11,453	(15,568)	73,177
Furniture & equipment	25,455	1,930	0	27,385
Computer equipment	946	947	0	1,893
Nutrition equipment	2,872	313	(2,739)	446
Storage building	580	237	0	817
Leasehold improvements	7,832	600	0	8,432
Health maintenance equipment	1,995	0	0	1,995
Total Accumulated Depreciation	116,972	15,480	(18,307)	114,145
Capital Assets, Net of Depreciation	\$ 26,391	\$ 27,350	\$ 0	\$ 53,741

Furniture and equipment includes one donated asset with a cost of \$1,200.

The Council's management has reviewed the capital assets and does not believe any of them to have been impaired as of year-end.

Note 6 - Changes in Capital Assets and Accumulated Depreciation - (continued)

Depreciation was charged to governmental activities as follows:

Administration	\$ 2,907
Supportive Services:	
Transportation of the elderly	11,014
Recreation	433
Nutrition Services:	
Congregate meals	686
Transportation Services:	
Find Work	211
General Public	229
	<hr/>
Total depreciation expense for governmental activities	<u>\$ 15,480</u>

The \$2,907 of depreciation associated with the administration function relates to capital assets that essentially serve all functions. Accordingly, it is included as a direct expense of the administration function on the Statement of Activities and then allocated to other functions in accordance with the Council's method of allocating indirect expenses. The other depreciation amounts (\$12,573) are charged as direct expenses to their related functions on the Statement of Activities.

Note 7 - Fund Balances - Fund Financial Statements

At year-end, one special revenue fund had a fund balance. Usually, the fund balances of the special revenue funds are cleared out at year-end to comply with the administration and accounting policies of the grantor agencies that have awarded the Council certain grants. However, there is an exception to this policy.

Note 7 - Fund Balances – Fund Financial Statements – (continued)

The Council has \$6,589 of utility assistance contributions that remain unspent as of year-end. The donors restrict these contributions for specific purposes. Accordingly, management separately accounts for them in a special revenue fund to ensure accountability. Utility assistance fund balances are common amongst council on aging entities. Utility assistance is a supportive service rendered under the Council's Title III B program. Rather than commingle the accounting of the receipts and disbursements of the utility assistance within the Title III B Fund, GOEA prefers that councils on aging use a separate fund that can facilitate the monitoring of the Title III B activity separately from the utility assistance activities.

At year-end, the General Fund has \$214,653 of reserved funds that consist of the following:

- \$160,514 - prepaid expenditures
- \$ 50,590 – van purchase commitments
- \$ 3,549 - Senior Citizen Birthday Party Funds

Note 8 - In-Kind Contributions

The Council received a variety of in-kind contributions during the year, but does not record the fair value of them in its government-wide and fund financial statements, except for the donation of capital assets. In the case of a donation of a capital asset, accounting principles for governmental entities require the fair value of a donated capital asset be recorded in the Statement of Activities at the time of acquisition. However, these same principles do not permit the recording of the fair value of capital assets (or other in-kind contributions) in the fund financial statements because of the measurement focus of such statements.

Note 8 - In-Kind Contributions - (continued)

The Council received in-kind contributions relating to the use of facilities in Maurepas, Springfield, Walker, Denham Springs, and Livingston. The donors have valued their donations and furnished the information to the Council's management. A summary of the in-kind contributions and their estimated values are as follows:

Facility rentals	\$ 71,330
Utilities for facilities	45,660
Telephone	3,650
Garbage pickup	3,500
Insurance	21,789
Maintenance and repairs	23,136
Total	<u>\$ 169,065</u>

If these in-kind contributions had been recorded in the Statement of Activities their allocation would have been \$22,673 for Administration and \$146,392 for Nutrition Services - Congregate Meals.

The Council on Aging (COA) also receives in-kind support for its transportation programs. The COA has a fleet of 18 vehicles that it uses to provide public transportation in Livingston Parish. Of the 18 vehicles, the Livingston Parish Council (LPC) owns 13 and the COA owns 5. The thirteen vehicles owned by the LPC were all acquired under capital assistance grants for the elderly and disabled persons wherein the federal government paid for 80% of the vehicle's cost and the remainder had to be paid for with local "matching" funds. The COA put up all the money for the local match so that the LPC could acquire the vehicles. In return, the LPC permits the COA to use the vehicles as long as they are operational. Therefore, the COA is receiving an in-kind contribution from the LPC for the use of the thirteen vehicles owned by the LPC. Management has estimated the in-kind use of the LPC's vehicles to be \$30,131 for the fiscal year. The estimate was derived by first determining the amount the federal government paid for its share of the "match" for each of the thirteen vehicles. Then, the amount of federal match for each vehicle was amortized from the date at which the COA began using each

Note 8 - In-Kind Contributions - (continued)

vehicle using a 60-month estimated useful life. The amount for the period July 1, 2007 through June 30, 2008 was deemed to be the value of the LPC's in-kind contribution for vehicle usage. If the in-kind contribution for the vehicles had been recorded in the Statement of Activities, the allocation amongst the Council's transportation programs would have been \$29,348 for Elderly Transportation, \$780 for General Public Transportation, and \$3 for Find Work Transportation.

Note 9 - Retirement Plan

On March 1, 2003, the Council adopted the "401(k) Profit Sharing Plan for Employees of Livingston Council on Aging." To participate in the plan an employee must be at least 21 years old and have one year of service. Under the provisions of the plan, a participating employee may defer up to \$15,500 of wages per year (\$20,500 for employees age 50 or older). The Council is not required to contribute any amount to the plan or match any employee deferrals. For the fiscal year, the Council did not make any discretionary contributions to the plan. However, the participating employees deferred an aggregate amount of \$1,300.

Note 10 - Board of Directors' Compensation

The Board of Directors is a voluntary board; therefore, no compensation has been paid to any member. However, board members can request reimbursements for out-of-pocket expenses in accordance with the Council's travel reimbursement policy when traveling on behalf of the Council.

Note 11 - Income Tax Status

The Council, a non-profit corporation, is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code of 1986, and as an organization that is not a private foundation as defined in Section 509(a) of the Code. The Council is also exempt from Louisiana income tax.

The Council does not file a Form 990 because it has been determined to be an "affiliate of a governmental unit" within the meaning of Section 4 of Revenue Procedure 95-48, 1995-2 C.B. 418.

Note 12 - On-Behalf Payments For Fringe Benefits

Because the Council is one of several governmental agencies receiving proceeds from a property tax assessment, state law (RS 11:82) requires the Council to bear a pro-rata share of the pension expense relating to state and statewide public retirement systems. The Council's pro-rata share of the required contribution was \$20,985 that was withheld by the Livingston Parish Sheriff from property tax collections to satisfy the Council's obligation. The Sheriff withholds the entire amount of this obligation in December each year even though some of the property taxes may never be collected. None of the Council's employees participate in or benefit from any pension plan relating to this expenditure.

The \$20,985 withheld by the Sheriff has been included as part of the \$101,035 of "intergovernmental" expenditures of the General Fund on Exhibit D. Further, as described in Note 3, the Council has also increased its property tax revenues by the same amount of this intergovernmental expenditure.

Note 13 - Judgments, Claims, and Contingent Liabilities

There is no litigation pending against the Council at year-end. Furthermore, the Council's management believes that any potential lawsuits would be adequately covered by the Council's insurance or resolved without any material impact upon the Council's financial statements.

Note 14 - Contingencies-Grant Programs

The Council participates in a number of state and federal grant programs, which are governed by various rules and regulations. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the Council has not complied with the rules and regulations governing the grants, refunds of any money received and the collectibility of any related receivable at year-end may be impaired. In management's opinion, there are no significant contingent liabilities relating to compliance with the rules and regulations governing state and federal grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies. Audits of prior years have not resulted in any disallowed costs or refunds. Any costs that would be disallowed would be recognized in the period agreed upon by the grantor agency and the Council.

Note 15 - Economic Dependency

The Council receives the majority of its revenue from a property tax assessment and through grants administered by the Louisiana Governor's Office of Elderly Affairs (GOEA) and the Louisiana Department of Transportation and Development (DOTD). The grant amounts are appropriated each year by the federal and state governments. If significant budget cuts are made at the federal and/or state level, the amount of funds the Council receives could be reduced significantly and have an adverse impact on its operations. Also, if the property in Livingston Parish were to be assessed at lower values due to natural disaster or another unpredictable event, the amount the Council receives annually from the property tax could be affected adversely. Management is not aware of any actions or events that will significantly affect the amount of funds the Council should receive next year relating to its property tax or grant revenues.

Note 16 - Risk Management

The Council is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees; and natural disasters. The Council has purchased commercial insurance to cover or reduce the risk of loss that might arise should one of these incidents occur. Also, all eligible employees who did not elect out of coverage are covered by commercial health insurance that is provided by the Council. There have been no significant reductions in coverage from the prior year. No settlements were made during the current or prior three fiscal years that exceeded the Council's insurance coverage.

The Council's management has not purchased commercial insurance or made provision to cover or reduce the risk of loss, as a result of business interruption and certain acts of God, like floods or earthquakes.

Note 17 - Lease and Rental Commitments

The Council has no capital leases but on February 1, 1992, it entered into an operating lease with the City of Denham Springs, Louisiana, to lease the building that the Council currently occupies at 949 Government Street, Denham Springs, Louisiana. Also included in this lease is the use of an addition (the Senior Center) that is adjacent to that building. Terms of the lease required the Council to prepay the rent in a lump sum of \$130,000 for the entire lease term of 600 months (February 1, 1992 to January 31, 2042). As a result, the Council is amortizing this prepaid lease at \$216.67 per month over the term of this lease (\$2,600 annually). The unamortized balance as of year-end was \$87,317.

Other significant terms of the lease require the Council to (1) maintain at least \$500,000 of liability insurance, (2) pay all the contents insurance of the buildings, and (3) be responsible for the costs of interior maintenance. The City of Denham Springs is responsible for all costs relating to utilities, building fire and flood insurance, and major repairs to the external structure, heating and cooling system, and plumbing.

Note 18 - Related Party Transactions

There were not any related party transactions during the year.

Note 19 - Encumbrances (Purchase Commitments)

The Council has agreed to provide the matching funds (20% of the total cost) for two vehicles that will be purchased under the federal public transportation capital assistance program. The vehicle purchase contracts are between the Livingston Parish Council (LPC) and the Louisiana Department of Transportation and Development (DOTD). Because the Council will contribute the required matching funds, the LPC will allow the Council to use the vehicle for the Council's transportation programs. In early fiscal year 2008 the Council made the required \$17,536 matching deposits. Management expects both vehicles to be delivered in fiscal year 2009.

The Council has also placed a \$33,054 deposit towards the purchase of a new van that will be titled to the Council. The van is expected to be delivered in fiscal year 2009.

Because the three purchase commitments have not been completed, the Council has encumbered (reserved) \$50,590 of its fund balance as of June 30, 2008.

Note 20 - Interfund Receivables and Payables

Because the Council receives its grant revenues primarily on a cost reimbursement basis, it has to pay for costs using its General Fund money and then request reimbursement under the various grant programs. As a result, the manner in which cash is spent and received creates short-term interfund loans. A summary of these interfund loans at year end is as follows:

	<u>Receivable From</u>	<u>Payable To</u>
General Fund:		
Major Special Revenue Funds:		
Section 5311 Fund	\$ 7,712	\$ -
Nonmajor Special Revenue Funds in the Aggregate:		
Audit Fund	<u>2,437</u>	<u>-</u>
Total General Fund	<u>10,149</u>	<u>-</u>
Special Revenue Funds:		
Major Funds:		
General Fund	-	7,712
Nonmajor Special Revenue Funds in the Aggregate:		
Audit Fund:		
General Fund	<u>-</u>	<u>2,437</u>
Total Special Revenue Funds	<u>-</u>	<u>10,149</u>
Totals For All Funds	<u>\$ 10,149</u>	<u>\$ 10,149</u>

Note 21 - Interfund Transfers

Operating transfers to and from are listed by fund for the fiscal year as follows:

	Operating Transfers	
	In From	Out To
General Fund:		
Title III B Fund	\$ 0	\$ 369,783
Title III C-1 Fund	0	36,659
Title III C-2 Fund	0	148,954
Title III E Fund	0	37,082
Nonmajor Funds in the Aggregate	0	35,016
Total General Fund	0	627,494
Title III B Fund:		
General Fund	\$ 369,783	\$ 0
Section 5311 Fund	190,064	0
Nonmajor Funds in the Aggregate	69,000	0
Total Title III B Fund	628,847	0
Title III C-1 Fund:		
General Fund	\$ 36,659	\$ 0
Nonmajor Funds in the Aggregate	34,697	0
Total Title III C-1 Fund	71,356	0
Title III C-2 Fund:		
General Fund	\$ 148,954	\$ 0
Nonmajor Funds in the Aggregate	23,403	0
Total Title III C-2 Fund	172,357	0
Title III E Fund:		
General Fund	\$ 37,082	\$ 0
Section 5311 Fund:		
Title III B Fund	\$ 0	\$ 190,064
Nonmajor Funds in the Aggregate:		
General Fund	\$ 35,016	\$ 0
Title III B Fund	0	69,000
Title III C-1 Fund	0	34,697
Title III C-2 Fund	0	23,403
Total for Nonmajor Funds	35,016	127,100
Grand Totals	\$ 944,658	\$ 944,658

Note 21 - Interfund Transfers - (Continued)

Transfers are used to (a) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and (b) shift unrestricted revenues collected in the General Fund and certain Special Revenue Funds to finance various programs accounted for in other funds in accordance with budgetary authorizations.

SUPPLEMENTARY FINANCIAL INFORMATION REQUIRED BY GASB 34

Budgetary Comparison Schedule - General Fund

**Livingston Council on Aging
Denham Springs, Louisiana**

For the year ended June 30, 2008

	<u>Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original (Unamended)</u>	<u>Modified Accrual Basis</u>	<u>Favorable (Unfavorable)</u>
REVENUES			
Intergovernmental:			
Governor's Office of Elderly Affairs	\$ 21,861	\$ 21,861	\$ 0
Property Taxes	633,978	532,499	(101,479)
Public Support - restricted	0	5,500	5,500
Public Support - unrestricted	0	1,976	1,976
Program Service Fees	87,000	88,140	1,140
Interest Income	0	21,870	21,870
Miscellaneous	0	655	655
Total Revenues	<u>742,839</u>	<u>672,501</u>	<u>(70,338)</u>
EXPENDITURES			
Current:			
Personnel	56,769	14,939	41,830
Fringe	14,132	4,970	9,162
Travel	356	0	356
Operating Services	29,664	5,609	24,055
Operating Supplies	17,584	3,946	13,638
Other Costs	1,888	2,452	(564)
Full Service	0	0	0
Meals	34,560	0	34,560
Utility Assistance	0	0	0
Capital Outlays	136,020	42,830	93,190
Intergovernmental	109,191	101,035	8,156
Total Expenditures	<u>400,164</u>	<u>175,781</u>	<u>224,383</u>
<i>Excess of revenues over expenditures</i>	<u>342,675</u>	<u>496,720</u>	<u>154,045</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	0	0	0
Transfers out	(396,359)	(627,494)	(231,135)
Total other financing sources and uses	<u>(396,359)</u>	<u>(627,494)</u>	<u>(231,135)</u>
Net increase (decrease) in fund balance	<u>\$ (53,684)</u>	<u>(130,774)</u>	<u>\$ (77,090)</u>
FUND BALANCE			
Beginning of year		840,828	
End of year		<u>\$ 710,054</u>	

See notes to required supplementary information.

Budgetary Comparison Schedule - Title III B Fund

**Livingston Council on Aging
Denham Springs, Louisiana
For the year ended June 30, 2008**

	<u>Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original (Unamended)</u>	<u>Modified Accrual Basis</u>	<u>Favorable (Unfavorable)</u>
REVENUES			
Intergovernmental:			
Governor's Office of Elderly Affairs	\$ 83,246	\$ 83,246	\$ 0
Public Support	4,310	4,834	524
Total Revenues	<u>87,556</u>	<u>88,080</u>	<u>524</u>
EXPENDITURES			
Current:			
Personnel	347,289	375,364	(28,075)
Fringe	90,169	116,993	(26,824)
Travel	1,914	2,411	(497)
Operating Services	112,899	92,814	20,085
Operating Supplies	63,159	78,313	(15,154)
Other Costs	5,931	23,270	(17,339)
Full Service	24,475	27,762	(3,287)
Capital Outlay	0	0	0
Total Expenditures	<u>645,836</u>	<u>716,927</u>	<u>(71,091)</u>
Excess of expenditures over revenues	<u>(558,280)</u>	<u>(628,847)</u>	<u>(70,567)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	558,280	628,847	70,567
Transfers out	0	0	0
Total other financing sources and uses	<u>558,280</u>	<u>628,847</u>	<u>70,567</u>
Net increase (decrease) in fund balance	<u>\$ 0</u>	<u>0</u>	<u>\$ 0</u>
FUND BALANCE			
Beginning of year		0	
End of year		<u>\$ 0</u>	

See notes to required supplementary information.

Budgetary Comparison Schedule - Title III C-1 Fund

**Livingston Council on Aging
Denham Springs, Louisiana
For the year ended June 30, 2008**

	<u>Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original (Unamended)</u>	<u>Modified Accrual Basis</u>	<u>Favorable (Unfavorable)</u>
REVENUES			
Intergovernmental:			
Governor's Office of Elderly Affairs	\$ 115,047	\$ 115,047	\$ 0
Public Support	20,000	28,413	8,413
Total Revenues	<u>135,047</u>	<u>143,460</u>	<u>8,413</u>
EXPENDITURES			
Current:			
Personnel	69,718	79,377	(9,659)
Fringe	20,501	21,740	(1,239)
Travel	364	233	131
Operating Services	4,739	8,505	(3,766)
Operating Supplies	713	4,197	(3,484)
Other Costs	1,596	3,809	(2,213)
Full Service	1,265	1,223	42
Meals	105,000	95,732	9,268
Capital Outlay	0	0	0
Total Expenditures	<u>203,896</u>	<u>214,816</u>	<u>(10,920)</u>
Excess of expenditures over revenues	<u>(68,849)</u>	<u>(71,356)</u>	<u>(2,507)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	68,849	71,356	2,507
Transfers out	0	0	0
Total other financing sources and uses	<u>68,849</u>	<u>71,356</u>	<u>2,507</u>
Net increase (decrease) in fund balance	<u>\$ 0</u>	<u>0</u>	<u>\$ 0</u>
FUND BALANCE			
Beginning of year		0	
End of year		<u>\$ 0</u>	

See notes to required supplementary information.

Budgetary Comparison Schedule - Title III C-2 Fund

**Livingston Council on Aging
Denham Springs, Louisiana
For the year ended June 30, 2008**

	<u>Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original (Unamended)</u>	<u>Modified Accrual Basis</u>	<u>Favorable (Unfavorable)</u>
REVENUES			
Intergovernmental:			
Governor's Office of Elderly Affairs	\$ 69,686	\$ 69,686	\$ 0
Public Support	7,000	10,852	3,852
Total Revenues	<u>76,686</u>	<u>80,538</u>	<u>3,852</u>
EXPENDITURES			
Current:			
Personnel	30,736	32,494	(1,758)
Fringe	8,314	9,912	(1,598)
Travel	178	0	178
Operating Services	11,389	5,406	5,983
Operating Supplies	6,593	7,370	(777)
Other Costs	586	1,486	(900)
Full Service	1,265	548	717
Meals	109,440	195,679	(86,239)
Capital Outlay	0	0	0
Total Expenditures	<u>168,501</u>	<u>252,895</u>	<u>(84,394)</u>
Excess of expenditures over revenues	<u>(91,815)</u>	<u>(172,357)</u>	<u>(80,542)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	91,815	172,357	80,542
Transfers out	0	0	0
Total other financing sources and uses	<u>91,815</u>	<u>172,357</u>	<u>80,542</u>
Net increase (decrease) in fund balance	<u>\$ 0</u>	<u>0</u>	<u>\$ 0</u>
FUND BALANCE			
Beginning of year		<u>0</u>	
End of year		<u>\$ 0</u>	

See notes to required supplementary information.

Budgetary Comparison Schedule - Title III E Fund

**Livingston Council on Aging
Denham Springs, Louisiana
For the year ended June 30, 2008**

	<u>Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original (Unamended)</u>	<u>Modified Accrual Basis</u>	<u>Favorable (Unfavorable)</u>
REVENUES			
Intergovernmental:			
Governor's Office of Elderly Affairs	\$ 34,293	\$ 34,293	\$ 0
Total Revenues	<u>34,293</u>	<u>34,293</u>	<u>0</u>
EXPENDITURES			
Current:			
Personnel	2,244	1,565	679
Fringe	1,354	450	904
Travel	7	0	7
Operating Services	274	53	221
Operating Supplies	542	252	290
Other Costs	1,330	477	853
Full Service	60,500	68,578	(8,078)
Capital Outlay	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>66,251</u>	<u>71,375</u>	<u>(5,124)</u>
Excess of expenditures over revenues	<u>(31,958)</u>	<u>(37,082)</u>	<u>(5,124)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	31,958	37,082	5,124
Transfers out	<u>0</u>	<u>0</u>	<u>0</u>
Total other financing sources and uses	<u>31,958</u>	<u>37,082</u>	<u>5,124</u>
Net increase (decrease) in fund balance	<u>\$ 0</u>	<u>0</u>	<u>\$ 0</u>
FUND BALANCE			
Beginning of year		<u>0</u>	
End of year		<u>\$ 0</u>	

See notes to required supplementary information.

Budgetary Comparison Schedule - Section 5311 Fund

**Livingston Council on Aging
Denham Springs, Louisiana
For the year ended June 30, 2008**

	<u>Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original (Unamended)</u>	<u>Modified Accrual Basis</u>	<u>Favorable (Unfavorable)</u>
REVENUES			
Intergovernmental:			
Livingston Parish Council	\$ 257,264	\$ 190,064	\$ (67,200)
Total Revenues	<u>257,264</u>	<u>190,064</u>	<u>(67,200)</u>
EXPENDITURES			
Current:			
Personnel	0	0	0
Fringe	0	0	0
Travel	0	0	0
Operating Services	0	0	0
Operating Supplies	0	0	0
Other Costs	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>
Excess of revenues over expenditures	<u>257,264</u>	<u>190,064</u>	<u>(67,200)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	0	0	0
Transfers out	<u>(257,264)</u>	<u>(190,064)</u>	<u>67,200</u>
Total other financing sources and uses	<u>(257,264)</u>	<u>(190,064)</u>	<u>67,200</u>
Net increase (decrease) in fund balance	<u>\$ 0</u>	<u>0</u>	<u>\$ 0</u>
FUND BALANCE			
Beginning of year		<u>0</u>	
End of year		<u>\$ 0</u>	

See notes to required supplementary information.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

LIVINGSTON COUNCIL ON AGING DENHAM SPRINGS, LOUISIANA

FOR THE YEAR ENDED JUNE 30, 2008

NOTE 1 - BUDGETARY REPORTING

The budget information presented in this section of required supplementary information applies to "major" governmental funds for which annual budgets were adopted. Budgetary information for "nonmajor" funds has not been included anywhere in these financial statements.

The Council follows these procedures in establishing the budgetary data that has been presented as required supplementary information in these financial statements.

- The Governor's Office of Elderly Affairs (GOEA) notifies the Council each year as to the funding levels for its programs.
- Management projects property tax revenues based on past trends and data available at the Parish Assessor's office to form expectations of future revenues.
- The Livingston Parish Council (LPC) also provides funds to the Council via the Section 5311 program administered by the Louisiana Department of Transportation and Development (DOTD). Accordingly, the Council submits an application and budget to DOTD to request funding under the Section 5311 program. DOTD, in turn, notifies the Council of the maximum amount the Council can get reimbursed under this program in the upcoming year.
- The revenue information supplied by GOEA and DOTD are considered by management along with revenue projections of grants from other agencies, program service fees, public support (including client contributions), interest income, and other miscellaneous sources.
- Expenditure projections are developed using historical information and changes to the upcoming year that management is aware of at the time of budget preparation.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
(Continued)

- Once information regarding projected revenues and expenditures has been obtained, the Council's executive director and bookkeeper prepare a proposed budget based on the projections. The proposed budget is reviewed and approved by the Council's Finance Committee before it is submitted to the Board of Directors for final approval.
- The Board of Directors reviews and adopts the budget for the next fiscal year at a regularly scheduled board meeting, usually held before May 31 of the current fiscal year.
- The adopted budget is forwarded to GOEA for final compliance approval.
- Unused budget amounts lapse at the end of each fiscal year (June 30). However, if a grant or contract is not completed by June 30, the Council will automatically re-budget funds in the next fiscal year to complete the grant or contract. An example where this type of situation arises is when vehicles are acquired under federal matching programs. The "match" might be made in one year and the vehicle delivered in another.
- The budget is prepared on a modified accrual basis, consistent with the basis of accounting, for comparability of budgeted and actual revenues and expenditures.
- Budgeted amounts included in the accompanying financial statements include the original adopted budget amounts and all subsequent amendments. Budget amendments are sent to GOEA and approved by that agency. During the fiscal year, management did not amend the Council's budget.
- Actual amounts are compared to budgeted amounts periodically during the fiscal year as a management control device.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
(Continued)

- The Council may transfer funds between line items in its budget as often as required but must obtain compliance approval from the Governor's Office of Elderly Affairs (GOEA) for funds received under grants from this agency. As part of its grant compliance, GOEA requires the Council to amend its budget in cases where actual costs for a particular line item exceed their budgeted amounts by more than 10%, unless unrestricted funds are available to "cover" the overrun.
- Budgeted expenditures cannot exceed budgeted revenues on an individual fund level, unless a large enough fund balance exists to absorb the budgeted operating deficit.
- The Council is not required by state or local law to prepare a budget for every program or activity it conducts. Accordingly, some activities may not be budgeted, particularly if they are deemed to be immaterial by management.

NOTE 2 - GENERAL FUND'S BUDGETED OPERATING DEFICIT

Management budgeted an operating deficit in the Council's General Fund this year because (1) the Council needed to purchase some capital assets and would do so by consuming funds that the Council earned in prior years but had not spent, and (2) management budgets for unexpected occurrences as a matter of conservative financial policy. Management was able to budget the operating deficit because the Council had enough fund balance to cover the deficit.

**SUPPLEMENTARY FINANCIAL INFORMATION REQUIRED BY
THE GOVERNOR'S OFFICE OF ELDERLY AFFAIRS**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS**

Livingston Council on Aging,
Denham Springs, Louisiana
For the year ended June 30, 2008

	AAA	Title III D	NSIP	Senior Center	Supple. Senior Center	Audit	Utility Assistance	Totals
<u>REVENUES</u>								
Intergovernmental:								
Governor's Office of Elderly Affairs	\$ 28,537	\$ 4,581	\$ 58,100	\$ 66,010	\$ 2,990	\$ 2,437	\$ 0	\$ 162,655
Public Support (Restricted):								
Various utility companies	0	0	0	0	0	0	23,808	23,808
Other donors	0	0	0	0	0	0	1,000	1,000
Total revenues	28,537	4,581	58,100	66,010	2,990	2,437	24,808	187,463
<u>EXPENDITURES</u>								
Health, Welfare, & Social Services:								
Current:								
Personnel	16,457	5,839	0	0	0	0	0	22,296
Fringe	4,488	1,673	0	0	0	0	0	6,161
Travel	86	0	0	0	0	0	0	86
Operating Services	5,970	679	0	0	0	0	0	6,649
Operating Supplies	905	101	0	0	0	0	0	1,006
Other Costs	631	1,176	0	0	0	17,626	1,100	20,533
Full Service	0	0	0	0	0	0	0	0
Meals	0	0	0	0	0	0	0	0
Utility Assistance	0	0	0	0	0	0	39,684	39,684
Capital Outlay	0	0	0	0	0	0	0	0
Total expenditures	28,537	9,468	0	0	0	17,626	40,784	96,415
Excess of revenues over (under) expenditures	0	(4,887)	58,100	66,010	2,990	(15,189)	(15,976)	91,048
<u>OTHER FINANCING SOURCES (USES)</u>								
Operating transfers in	0	4,887	0	0	0	15,189	14,940	35,016
Operating transfers out	0	0	(58,100)	(66,010)	(2,990)	0	0	(127,100)
Net increase (decrease) in fund balances	0	0	0	0	0	0	(1,036)	(1,036)
<u>FUND BALANCE (DEFICIT)</u>								
Beginning of year	0	0	0	0	0	0	7,625	7,625
End of year	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 6,589	\$ 6,589

**COMPARATIVE SCHEDULE OF CAPITAL ASSETS
AND CHANGES IN CAPITAL ASSETS**

Livingston Council on Aging
Denham Springs, Louisiana
For the year ended June 30, 2008

	Balance June 30, 2007	Additions	Deletions	Balance June 30, 2008
<u>Capital Assets</u>				
Vehicles	\$ 84,524	\$ 39,186	\$ (15,568)	\$ 108,142
Furniture & equipment	33,141	0	0	33,141
Computer equipment	4,736	0	0	4,736
Nutrition equipment	4,064	1,800	(2,739)	3,125
Storage building	2,895	1,844	0	4,739
Leasehold improvements	12,008	0	0	12,008
Health maintenance equipment	1,995	0	0	1,995
Total capital assets	<u>\$ 143,363</u>	<u>\$ 42,830</u>	<u>\$ (18,307)</u>	<u>\$ 167,886</u>
<u>Investment in Capital Assets</u>				
Property acquired with funds from -				
General Funds & Local Donations	\$ 141,968	\$ 17,830	\$ (18,307)	\$ 141,491
PCOA	0	25,000	0	25,000
Senior Center	1,395	0	0	1,395
Total investment in capital assets	<u>\$ 143,363</u>	<u>\$ 42,830</u>	<u>\$ (18,307)</u>	<u>\$ 167,886</u>

NEIL G. FERRARI

CERTIFIED PUBLIC ACCOUNTANT

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MEMBER OF THE
SOCIETY OF LOUISIANA CPAs

MEMBER OF THE
AMERICAN INSTITUTE OF CPAs

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors,
Livingston Council on Aging
Denham Springs, Louisiana

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Livingston Council on Aging, Denham Springs, Louisiana, (the Council) as of and for the year ended June 30, 2008, which collectively comprise the Council's basic financial statements and have issued my report thereon dated December 3, 2008. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Council's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Council's internal control over financial reporting.

My consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, I identified certain deficiencies in internal control over financial reporting that I consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Council's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Council's financial statements that is more than inconsequential will not be prevented or detected by the Council's internal control. I consider the deficiencies described in the accompanying schedule of findings and questioned costs as finding numbers 2008-1, 2008-2, 2008-3 and 2008-4 to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Council's internal control.

My consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, I consider items 2008-1 and 2008-4 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Council's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The Council's response to the findings identified in my audit is described in Management's Corrective Action Plan, which accompanies this report. I did not audit the Council's response and, accordingly, I express no opinion on it.

This report is intended solely for the information and use of the Council's management, finance committee, board of directors, pass-through entities, and the Legislative Auditor of the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

Baton Rouge, Louisiana,
December 3, 2008

Neil Ferrari, CPA

Neil G. Ferrari, CPA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Livingston Council on Aging Denham Springs, Louisiana

For the year ended June 30, 2008

I have audited the financial statements of the Livingston Council on Aging, Denham Springs, Louisiana as of and for the year ended June 30, 2008, and have issued my report thereon dated December 3, 2008. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. My audit of the financial statements as of June 30, 2008 resulted in an unqualified opinion.

Section I - Summary of Auditor's Reports

a. Report on Internal Control and Compliance and Other Matters Material to the Financial Statements

Internal Control:

Significant Deficiencies X Yes No

- All findings are considered significant deficiencies

Material Weaknesses X Yes No

- Findings 2008-1 and 2008-4 were considered material weaknesses

Compliance and Other Matters:

Compliance and Other Matters Material to Financial Statements Yes X No

b. Federal Awards

Federal award expenditures were less than \$500,000. Accordingly, this section is not applicable.

c. Identification of Major Programs

This section is not applicable.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

Section I - Summary of Auditor's Reports - (continued)

d. SAS 112 Letter

The auditor did not issue a SAS 112 letter because the information reported as findings in this section would be what would have been reported in a SAS 112 letter.

Section II - Financial Statement Findings and Questioned Costs

Finding 2008-1: Errors Noted in Allocating Transportation Costs

The Council's bookkeeper uses an Excel worksheet to help her allocate the transportation costs each month. This procedure is a good one to use provided the worksheet is double checked to make sure the data was properly input and that the output makes sense.

I noted during the audit that there were two months in which the transportation cost allocations appeared out of line with expectations. When I investigated the reason, I discovered a couple of formula errors had caused costs to be improperly allocated between Title III B's transportation program and the Find Work/STEP program.

The errors did not produce any questioned costs but they did cause the Council to show incorrect amounts on its final report for Title III B to GOEA. Despite the errors on this report, no funds are owed back to GOEA because the Council incurred ample qualified costs to earn full reimbursement from GOEA.

However, the size of the errors was material enough to have skewed the financial information presented within the financial statements. Accordingly, management accepted my proposed adjustments to correct the errors so that the financial statements would present the proper amount of costs for all transportation programs.

Recommendation: The monthly worksheet used to allocate transportation costs should be double checked, preferably by someone other than the preparer, to verify the data has been entered accurately and that the output makes sense. Before the books are closed each year, the entire worksheet should be reviewed in detail with the objective of catching errors of all types so that adjustments can be made to the books before they are closed. As a reminder, any time a document is reviewed; the reviewer should sign her name and put the date performed on the document.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

Finding 2008-2: Subcontracted Services

The Council uses subcontractors to furnish services to certain clients. The Council has a written contract with each subcontractor and is supposed to monitor (oversee) the services rendered by each subcontractor to verify compliance with the contract and with program requirements.

I reviewed the contracts between the Council and each subcontractor and found them to be "boilerplate" and not written to address the specifics of the services. The contracts contain provisions and terms that have no relationship to the particular service being rendered.

What has occurred is that the Council has obtained a standard type contract used by the State of Louisiana without modifying the wording to fit the circumstances of the services to be procured. As a result, part of the contract makes sense and part does not.

In addition, each subcontractor should be monitored on an ongoing basis by the Council and such monitoring was not done for all subcontractors this year. For example, in one instance, I noted that the subcontractor provided services in excess of contracted amounts. No written amendment to the original contract was prepared and approved. Although the services rendered were bona fide, management should have had an approval procedure in place to require a written amendment in cases where important provisions of the original contract have changed.

Recommendation: First, management should review or have an attorney review the contracts that the Council is currently using to determine if modifications are necessary to clarify terms and provisions and ensure they are tailored to the specifics of the services being subcontracted. Second, management should develop a monitoring form to be used when monitoring a subcontractor that will incorporate the key terms of the contract and any governmental program compliance requirements so that the person doing the monitoring can address each important component and document the process. Third, monitoring should be planned and scheduled in an organized manner rather than allowing time to pass only to realize late in the fiscal year that no monitoring has been done. Fourth, management needs an approval process that will require a written amendment in cases when key contract terms change.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

Finding 2008-3: Procedures and Controls Relating to Cash Fare Riders Have a Few Design Weaknesses

The Council has procedures and controls that are used daily to manage cash fare riders but during my review of the internal control process I noted areas of weakness. These weaknesses are primarily design type weaknesses meaning that they have not been previously considered or required. As a result of not performing these procedures, errors could occur in collecting and recording cash fares and not be timely detected.

Recommendations: To remedy the design weaknesses, I recommend the Council consider and implement the following recommendations:

1. On the dispatch log, the dispatcher should:
 - Write next to each rider's name the related program, such as cash fares, III B, or other.
 - Use a standard code that will distinguish if the ride is a one-way or roundtrip fare, and if the trip is in the Parish or out of the Parish.
 - Note the amount that should be charged to the cash fare rider next to his name and, then at the end of each page, write a total of the daily cash fares that should be collected for ease of comparison when the money is turned in by the drivers.
 - Describe any deviation from the standard cash fare to protect her integrity.
 - Note her follow up calls to riders who canceled trips or were "no shows" (per the driver's trip log) to verify that the driver accurately reported this information.
 - Go back to July 1, 2008 and make sure this type of information has been noted on the dispatch logs.
2. When special circumstances arise that might cause someone to deviate from charging the standard fare or following the Council's policy, the dispatcher should write up a report and submit it to the Council's director for review and approval.

Finding 2008-4: Some Bookkeeping Procedures and Controls are not Being Performed as Intended or Have Not Been Designed to Prevent Bookkeeping Errors

During the audit I noted some bookkeeping errors and traced their causes back to not having followed routine procedures or, in some cases, procedures had not been designed to prevent some of the errors that occurred. Although these errors did not result in material errors, they make it possible for material errors to occur individually, or collectively.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

Recommendations: To remedy the errors I refer to above, I recommend the Council's bookkeeper do the following:

- Amortize prepaid expenditures throughout the year rather than wait until year end to make the adjustments.
- Remember to use the self-checking totals built into the indirect cost allocation worksheet to catch errors in data input so that the indirect costs will be allocated correctly.
- Remember to use the reconciliation worksheet each month when preparing utility assistance reports to ensure that the books balance with the reports.
- Review each balance sheet account to make sure you have accounted for all related transactions and can reconcile or prove the ending balance each month. In particular, pay close attention to payroll tax withholding accounts and make sure they also agree with or can be reconciled to the "pay liabilities window" within Quickbooks.
- Allocate monthly health insurance premium expenditures according to how employee wage costs were allocated each month. Presently, health insurance costs are allocated using the indirect cost percentages, which are not as accurate as using each employee's actual wage allocation. This means health insurance premiums will be allocated as a direct cost.
- Make sure all donations are recorded as either restricted or unrestricted public support. I noted a couple of instances where donations had not been properly recorded.
- Make sure the workman's compensation feature of Quickbooks is being used as designed by the software so that this type of cost will follow each employee's wage cost as a direct cost within Quickbooks. When the annual rate changes, remember to change the rate within the software.
- If property insurance premiums can be specifically linked to a program, then record them as a direct cost of the program rather than coding the cost as an indirect type cost.

Section III - Federal Award Findings and Questioned Costs

This section is not applicable.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

**Livingston Council on Aging
Denham Springs, Louisiana**

For the Year Ended June 30, 2008

Section I – Internal Control and Compliance Deficiencies Material to the Financial Statements

There were no findings reported for this section in last year's audit report.

Section II – Internal Control and Compliance Deficiencies Material to Federal Awards

There were no findings reported for this section in last year's audit report.

Section III – Management Letter

The auditor did not issue a management letter last year as part of the audit package.

MANAGEMENT'S CORRECTIVE ACTION PLAN

**Livingston Council on Aging
Denham Springs, Louisiana**

For the Year Ended June 30, 2008

To the following oversight agencies for audit:

Federal: U.S. Department of Health and Human Services - Administration on Aging.

State: Legislative Auditor of the State of Louisiana; and
Governor's Office of Elderly Affairs.

Livingston Council on Aging, Denham Springs, Louisiana, respectfully submits the following corrective action plan for the year ended June 30, 2008.

Name and address of independent public accounting firm: Neil G. Ferrari, CPA, 14481 Old Hammond Highway, Suite 4, Baton Rouge, Louisiana, 70816.

Audit period: For the year ended June 30, 2008.

Financial Statement Findings

Finding 2008-1: Errors Noted in Allocating Transportation Costs

Management's Response and Corrective Action Plan:

Management concurs that errors were made in allocating transportation costs. Management accepted the adjustments to correct the errors as proposed by the auditor. The corrections have been made. The director will review reports and sign and date them. Management has arranged for the bookkeeper to receive on-going training in FY 2009.

Finding 2008-2: Subcontracted Services

Management's Response and Corrective Action Plan:

Management concurs that contracts can be improved. Management shall review or have an attorney review contracts to determine if modifications are necessary to clarify terms and provisions and ensure that contracts are tailored to the specifics of the service being contracted. Management is developing a monitoring form that will incorporate key terms of contracts and governmental program compliance requirements so that each important

component can be evaluated and documented. Management will schedule monitoring throughout the year. Management will develop an approval process that will require a written amendment in cases when key contract terms change.

Finding 2008-3: Procedures and Controls Relating to Cash Fare Riders Have a Few Design Weaknesses

Management's Response and Corrective Action Plan:

Management concurs that there are weakness in procedures and controls relating to Cash Fare Riders. The Council will implement the following changes:

- Write next to each rider's name the related program;
- Code if trip is one-way or roundtrip, in Parish or out of Parish;
- Note amount that should be charged to the cash fare rider next to his name and, then at the end of each page, write a total of the daily cash fares that should be collected for ease of comparison when the money is turned in by the drivers;
- Describe any deviation from the standard cash fare to protect the driver's integrity
- Go back to July 1, 2008 and make sure this type of information has been noted on the dispatch logs; and
- When special circumstances arise that might cause someone to deviate from charging the standard fare or following the Council's policy, the dispatcher should write up a report and submit it to the Council's director for review and approval.

Management feels that as these changes are implemented the finding will be resolved.

Finding 2008-4: Some Bookkeeping Procedures and Controls are not being Performed as Intended or Have Not Been Designed to Prevent Bookkeeping Errors

Management's Response and Corrective Action Plan:

Management concurs that some bookkeeping procedures and controls are not being performed as intended or have not been designed to prevent bookkeeping errors. Management has implemented on-going training to reinforce the knowledge and skills required to perform bookkeeping procedures in a manner that will comply with accounting principles and governmental requirements.

Major Federal Awards Program Findings and Questioned Costs

There were no findings reported by the auditor in this section.

SAS 112 Letter

The auditor did not issue a SAS 112 letter this year.

If you have any questions regarding this corrective action plan, please call Sharon Martin, the Council's Executive Director, at (225) 664-9343.